

PEOPLE
Is the World Ready
For Elvis Presley?
A line of Elvis Presley
fans will be seen in
Paris on Jan. 8, when
the late singer's body
is flown to the city for
burial. The body of
New York and Memphis
fans, who are expected
to arrive in Paris on
Jan. 8, will be seen
to Elvis's name in the
Enterprise of Memphis
was not disclosed, Presley
1977.

Myung-whan Chung, a
Korean-born composer,
was appointed musical
director of the Paris
opera house on Friday.
He has a five-year
contract.

Donald Trump, 41, who
owns the Trump Tower
in New York City, is
the single most important
person in the city's
real estate scene, it
was said. There are rumors
that Trump is planning
to build a new hotel in
Paris. The city's
municipal government
is expected to announce
the plan in the near
future.

Barbara Bush was
seen at a luncheon
at the White House
on Friday. She was
with her husband, George
H. W. Bush, and their
children. The family
was seen in a relaxed
mood. The President
was seen talking to
his wife and children.
The Vice President
was seen talking to
his wife and children.

The Duchess of York,
Sarah Ferguson, was
seen at a luncheon
at the White House
on Friday. She was
with her husband, Prince
Andrew, and their
children. The Duchess
was seen in a relaxed
mood. The Prince
was seen talking to
his wife and children.

Admiral Philippe de
Gaulle was seen at a
luncheon at the White
House on Friday. He
was with his wife, Anne
de Gaulle, and their
children. The Admiral
was seen in a relaxed
mood. The First Lady
was seen talking to
the Admiral and his
family.

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HOTELS
STATE PLAZA

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TRAVEL
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Bush Said to Plan 10% U.S. Cutback Of Forces in Europe

By Joseph Fitchett
International Herald Tribune
BRUSSELS — U.S. and West European officials implicitly confirmed on Friday a report that President George Bush will tell NATO leaders Monday that he intends to withdraw up to 10 percent of U.S. troops from Europe.
One official, citing the timing of the step, said that the reported U.S. move appeared to be aimed at silencing congressional calls for U.S. troop cuts in Europe and also at jolting the West Germans into thinking hard about the U.S. role in defending Europe.
It would be the first significant pullout of U.S. troops in response to decreasing East-West military tensions since the North Atlantic Treaty Organization was created 40 years ago.
But there was some confusion Friday about Mr. Bush's exact intentions and how publicly he intended to state them during his trip



An elderly man talking Friday to soldiers at Communist Party headquarters, where Li Peng and the hard-liners were in control.

Zhao Accused Of Corruption Amid Rumors Of His Arrest

By Nicholas D. Kristof
New York Times Service
BEIJING — As Prime Minister Li Peng seemed to win at least the first round of China's cataclysmic power struggle, documents criticizing his rival, the Communist Party leader Zhao Ziyang, were circulated Friday among officials in preparation for a formal decision to dismiss Mr. Zhao from his post.
The reports, circulated among ordinary citizens as well as among diplomats and party officials, suggested that Mr. Zhao and as many as perhaps hundreds of others had been arrested, and that rival military units were about to start shooting at each other.
The reports of arrests and tension between the military units were impossible to confirm.
The new criticisms were unusually harsh, and alarmed many Chinese who feared that they heralded a campaign of repression against officials such as Mr. Zhao who favored quicker political and economic liberalization and more conciliation with pro-democracy demonstrators.
In Beijing, many intellectuals and party officials worried Friday that a wave of arrests or a brutal military crackdown were imminent.
Some of the reports circulating in Beijing were clearly false.
"They haven't been arrested," Fang Ke said Friday of his parents, the dissidents Fang Lihai and Li Shuxian. There had been persistent reports that Mr. Fang and his wife had been seized for counterrevolutionary activities.
Other prominent intellectuals or officials, including the dissident Ren Wanding, the political scientist Yan Jiaqi, and a party official, Yan Mingfu, also were known to have not been arrested, despite rumors to the contrary.
There were contradictory reports about whether Mr. Zhao, his side Bao Tong and others had been arrested, but an official in the Communist Party headquarters said they had not been.
Some 20,000 student demonstrators continued to occupy central Tiananmen Square but the numbers were diminishing. The declining numbers seem to reflect weariness, as well as disgust at the increasing filth on the square, rather than a sense of intimidation because of the government's rhetoric.
It has been 10 days since Mr. Zhao was stripped of his powers by China's senior leader, Deng Xiaoping, after mounting a challenge to Mr. Deng and after urging a conciliatory line toward student demonstrators, according to accounts by party officials.
There are contradictory reports about whether Mr. Zhao has formally been suspended from his post.
Chinese newspapers and news broadcasts have not mentioned Mr. Zhao since May 20, although the Foreign Ministry indicated Thursday that he was still general secretary of the Communist Party.
A commission of retired party leaders declared Friday on national television that the real problem was lack of attention to Marxism.
"The comrades present at the meeting point out that the unrest is not at all a fluke," the television announcer said, referring to a meeting Friday of the Central Advisory Commission. "One of the major causes is that for a long time we have failed to pay enough attention to Marxist ideological education."
The meeting, chaired by a retired Politburo member, Chen Yun, also appeared to condemn Mr. Zhao, saying: "At such a critical time, we old comrades must stand up and, along with the whole party, firmly

Missile Issue Tears At Bonn Coalition

By Serge Schmemmann
New York Times Service
BONN — West German politicians said Friday that the governing coalition had been torn this week by a bitter 11-hour struggle over its stand on short-range missiles — a struggle from which Chancellor Helmut Kohl emerged so "winded" that a compromise with Washington is no longer considered feasible at the Brussels summit meeting starting Monday.
The officials broadly substantiated reports in two major newspapers of tempers raging so hot that the notion of breaking up the coalition was broached. The Sueddeutsche Zeitung said it took Foreign Minister Hans-Dietrich Genscher two days to convince Mr. Kohl that it was more advisable "to let the summit end in open discussion than for the Germans to crawl on their knees."
The officials, who have been close to the debate, said that as a result of it the West Germans no longer consider the North Atlantic alliance capable of producing the "comprehensive concept" for its future that was to have been the centerpiece of the 40th anniversary summit meeting in Brussels.
Instead, the Germans said, they were hoping that President George Bush would produce an initiative on troop and conventional arms reductions dramatic enough to overshadow the differences on short-range nuclear weapons and enable the allies to demonstrate their unity.
The proposal was made in response to Bonn's demand last month, in defiance of Washington, that NATO enter into early talks with Moscow on reducing short-range weapons. Washington had demanded that Bonn forswear total elimination of the weapons.
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Soviet Congress Is Having Birth Pangs

By Bill Keller
New York Times Service
MOSCOW — The Soviet Union struggled Friday to give birth to a new kind of government in a process that laid bare bitter divisions of class, geography, nationality and outlook.
After a day of haggling, the national Congress of People's Deputies adjourned late Friday night to a voting chamber with five-print halftone printing 600 names, from which they were to select a 542-member standing legislature called the Supreme Soviet.
In a move that some deputies said would tend to make the new legislature more conservative, the congress refused to exclude full-time Communist Party and government officials from sitting in the legislature.
Self-styled progressives in the 2,250-member congress had pressed for a rule requiring legislators to give up other jobs. They said this would make the parliament more professional and independent of the Communist Party apparatus.
The proposal mustered 636 votes despite the opposition of Mikhail S. Gorbachev, one of several signs that the two-day-old congress was growing steadily more self-confident. In a country where unanimity has been the political norm, the clash of ideas — televised live from beginning to end — is a crash course in self-government.
After an extraordinary, televised grilling, Mr. Gorbachev was elected president in the debut on Thursday of the congress, the supreme governing body and the first Soviet assembly in more than 70 years whose members were mostly chosen in competitive elections.
On Friday, the congress turned to what many consider its most critical task, designing a parliament to govern a country that, for most of its history has been united primarily by the brute power of the Communist Party.
The exercise quickly became a lesson in the powerful stresses set free by the loosening of the autocracy: the hostility of the Soviet provinces toward Moscow, the cult of personality, the power of the

If History Repeats Itself, China May Take a Backward Step

By Richard E. Smith
International Herald Tribune
FRANKFURT — The dollar weathered a stormy foreign-exchange market on Friday, remaining robust in spite of repeated sales by central banks aiming to stem its rise and rumors that Japan may soon raise key interest rates.
The U.S. unit closed at 1.9835 Deutsche marks in New York after roaring back from a low of 1.9540 DM. Despite the three-penny recovery, the close was slightly below Thursday's 1.9805 DM. The dollar also ended at 141.15 yen, compared with 141.205 yen Thursday.
The dollar's resilience prompted some dealers and analysts to believe that it could again hurdle the 2 DM level soon.
"It is quite clear that there is an underlying fundamental need for dollars in this market," said Simon Crane of Crane Investment Analysis in London. "The speculators might be putting in some froth but this is not a speculative market."
If Japan raises interest rates on Tuesday, as rumored, it will narrow the gap between Japanese and U.S. rates, making yen investments relatively more attractive.
Nearly a dozen central banks intervened on Friday to pull the dol-

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Prague Expels Four Britons

PRAGUE (Reuters) — Czechoslovakia ordered three British diplomats and a businessman out of the country Friday in response to Britain's expulsion of four members of the Czechoslovak Embassy in London.
The Foreign Ministry summoned Britain's ambassador in Prague and accused the four of unacceptable behavior, the British Embassy said. Britain's expulsions of the Czechoslovak officials occurred less than a week after it ordered out eight Soviet diplomats and three journalists. Moscow retaliated by expelling 11 Britons. Britain said the two sets of expulsions were not linked.

Arsenal Triumphs

LONDON (Reuters) — Arsenal defeated Liverpool, 2-1, Friday to take the English soccer league championship and deprive Liverpool of the chance of becoming the first club to capture both the English league title and Football Association Cup twice.

General News

The Arab summit ended without an accord on a Syrian pull-out from Lebanon. Page 5.
Democrats are seeking Gaphardt seek the No. 2 House post if Wright quits. Page 3.

Business/Finance

Two Chicago futures exchanges consider unifying trading systems. Page 13.

Crossword

Page 6.
Dow Jones
The Dollar
1.9835
DM
1.9835
Pound
1.59
Yen
141.15
FF
6.717



SQUATTERS RAUS! — Leftist militants in Hamburg soaked by muddy water cover as police fired water cannon Friday to drive them from their illegal trailer camp near the harbor area, scene of confrontations in the past. Some protesters threw rocks and four trailers caught fire. There were no reports of injuries.

Dollar Bounces Back From Banks' Onslaught

By Richard E. Smith
International Herald Tribune
FRANKFURT — The dollar weathered a stormy foreign-exchange market on Friday, remaining robust in spite of repeated sales by central banks aiming to stem its rise and rumors that Japan may soon raise key interest rates.
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Nearly a dozen central banks intervened on Friday to pull the dol-

An Angry Tokyo Declines to Play a U.S.-Made Role as Trade Offender

By Margaret Shapiro
Washington Post Service
TOKYO — Japanese officials reacted angrily Friday to the U.S. decision to target Japan as a trade offender, saying the move was "unjustified, irrational and unfair."
The government of Japan has no intention of entering into negotiations with the United States, Hiroshi Mitsuoka, minister of international trade and industry, said in a statement.
The minister of agriculture, Tetsuo Hata, in labeling the decision "unacceptable," said there was no need for negotiation since U.S. imports into Japan have been growing at a fast rate.
[On Friday, Mr. Bush urged the three nations to open their markets to U.S. products and said that negotiations aimed at ending unfair trade practices would begin with the three countries on June 16, The Associated Press reported from Washington. "Our goal is to open markets and to eliminate trade barriers," the president said in a statement announcing the negotiation date as he left on a trip to Europe. [India joined Japan in criticizing the U.S. action. Commerce Minister Dinesh Singh said it was "total-ly unjustified, irrational and unfair." [José Carlos Fonseca, press spokesman at the Brazilian Embassy in Washington, said his government was "very disappointed." The New York Times reported. He called it a "unilateral action that goes against the spirit of the General Agreement on Tariffs and Trade and against the efforts being made under the Uruguay Round," global talks aimed at trade liberalization.] Under the decision, the three countries must agree to relax their restrictions within 18 months to avoid reprisals, which could include tariffs of 100 percent on selected imports.
The president also ordered a dialogue with Japan, to focus not only on trade but also on monetary, fiscal and other economic issues that periodically strain the bilateral relationship.
The action was expected to appease the U.S. Congress, which has been demanding a tough approach to the trade policy.
Although the inclusion of Japan on a "priority" country list for possible U.S. retaliation had been expected in Tokyo, government officials and others said it could further strain relations already affected by recent conflicts over joint development of a new Japanese fighter plane.
In addition, it is likely to exacerbate the U.S. trade deficit with Japan.

AMERICAN TOPICS

Congress Considers Banning 'Junk Fax'

Two states have outlawed "junk fax," the sending of unsolicited advertisements on facsimile machines, with penalties of \$200 in Connecticut and \$1,000 in Maryland. Other states, as well as the U.S. Congress, are considering similar bans.

Faxed ads consume the recipient's costly paper. And by tying the machines up during transmissions, the ads can also delay desired material from being received.

"Since there is going to be an absolute proliferation of fax communications over the next several years," said Edward J. Markey, a Massachusetts Democrat who heads the House subcommittee on telecommunications and finance, "it's best for us to lay down what the guidelines are going to be for the fax-machine owner right now, before it gets totally out of control."

The subcommittee is also considering a bill to enable people to block calls from machines that dial numbers automatically and play recorded messages.

Dozens of businesses opposing the junk-fax ban used fax to lobby Governors William O'Neill of Connecticut and William D. Schneider of Maryland, jamming their machines for hours. The tactic backfired in both cases. "Last week was the first time the need for this kind of legislation was brought home to me," Governor O'Neill said. An aide to Governor Schneider called it "an extraordinary example of counterproductive lobbying."

Short Takes

African "killer bees" that have advanced north from Brazil to Mexico over the last 30 years and are expected in Texas next year have not interbred with the millions of gentler European bees introduced in Mexico by U.S. and Mexican biologists. The Washington Post reports. The effort to dilute the African strain "seems biologically as well as logistically impossible," according to a report in Nature magazine. Other experts agree.



HONORING THE DEAD—A soldier of the 3d Infantry Division, the Old Guard, placing flags Friday at the graves of U.S. servicemen in Arlington Cemetery in preparation for Memorial Day on Monday. The ritual, performed for 41 years, requires flags on nearly 200,000 graves.

The stings of both bees are equally venomous, but the African bees swarm in far greater numbers to sting intruders, and chase them greater distances, up to half a mile (800 meters).

The American Civil Liberties Union has reported a surge in memberships, with 52,000 enrollments in the last three months of 1988, for a total of 275,000. It attributes this to George Bush's attacks on the ACLU during the presidential campaign last fall. At the organization's annual dinner in Washington last week, Martha T. Toomey, director, coordinator, remarked that each year the ACLU gives an award to its most effective recruiter, and "everyone

said we should give it to George Bush this year."

The dropout rate in West Virginia high schools has been reduced by almost a third by a new law that lifts dropouts' driving licenses unless they have a valid reason for quitting school, such as illness or economic hardship — and authorities are strict in evaluating either excuse. The law, the only one of its kind in the country, is being studied by other states. Of West Virginia's 100,000 high school pupils, the 5,000 dropouts a year have been cut to 3,500.

In observance of National Secretaries Week, an "office olympics" has been staged by Radio Station WMGX in Portland, Maine. Gloria Barnes, who works for a law firm, won the speed-writing title, putting away 24 folders alphabetically in 67 seconds.

Charlene Jordan flipped a computer disk 47 feet (about 14 meters) to win the floppy discus throw. Richard Sobocinski, a steel mill employee, won the typewriter toss, leaving a battered 15-pound (about 6.7-kilogram) Smith-Corona portable 36.5 feet. In an editorial, the New York Times suggested two added events for next year: "shortest coffee break and, for bosses, shortest lunch hour."

Arthur Higbee

Glasnost Frustrates Bush and His Aides

By David Hoffman

Washington Post Service

WASHINGTON — Frustrated by the failure of a four-month policy review to produce any major initiatives for dealing with the challenges posed by the Soviet leader, Mikhail S. Gorbachev, President George Bush and his advisers have started to search for ways to assert U.S. leadership, according to administration sources.

The White House had planned that the framework of a strategy for dealing with Moscow would be in place before Mr. Bush left Friday for Rome and then Brussels, where he and allied leaders are to mark the 40th anniversary of the North Atlantic Treaty Organization.

Instead, after delivering a series of inconclusive speeches, Mr. Bush has become impatient with the advice he has been given, while advisers who gave it are caught up in a debate over how best to seize the initiative in a world bedeviled by Mr. Gorbachev, these sources said.

While some officials have advocated a more active engagement with Moscow on many fronts, others have urged caution and suggested that Mr. Gorbachev should be given time to cope with his enormous problems at home.

Mr. Bush insisted last weekend that he remained satisfied with the "cautious" pace of his response to Mr. Gorbachev.

But privately, according to sources, Mr. Bush has been restless and impatient with the process. His impatience appeared to boil over this week when, in an unusual and spontaneous action, he rewrote two foreign policy speeches at the last minute.

An official said, "His impatience is with the substance — it's not public relations. He's saying, 'I want to be able to shape the changes.'"

Now, the sources said, Mr. Bush is turning to a small group to formulate ideas, with Secretary of State James A. Baker 3d spearheading the effort on foreign policy and Defense Secretary Dick Cheney on military issues.

A group drawn from their subordinates is already at work redrafting most of Mr. Bush's speeches for the Europe trip, officials said.

The review did produce an overall goal for Mr. Bush's approach to Moscow, which he has described as "integration of the Soviet Union into the community of nations" and going "beyond containment" of communism.

Mr. Bush's advisers have expressed markedly differing views on how to respond to Mr. Gorbachev. Mr. Baker has been a leading advocate of expanding contacts with Moscow on a range of issues, from arms control to drugs and terrorism. One official described Mr. Baker's approach as building

bridges to the Soviet Union that will help lock in or "institutionalize" Mr. Gorbachev's changes. Mr. Baker, in a speech May 4, said, "There are some who say that we don't need to do much of anything because trends are so favorable to us. Their counsel is to sit tight and await Soviet concessions. I don't happen to be of this school."

'I think the president is better than his policy. He's going to have to get a hold of his bureaucracy and do what Gorbachev has done. You're going to have to take risks.'

Edward A. Hewett 3d of the Brookings Institution

I don't think we can be passive in the face of these great strategic changes." But others, such as Mr. Cheney and Robert M. Gates, deputy national security adviser, have urged a more cooperative relationship before, only to reverse course and return to militarism. "This dual message has run through the recent speeches."

In February, Mr. Bush invited a group of specialists to his family compound in Kennebunkport, Maine. Several took note of his cautious approach.

"The man I'm hearing about isn't like the man I met," said Edward A. Hewett 3d of the Brook-

ings Institution. "The man I met had a little more vision and was less frightened of the Soviets than the policy that's come out," which he called "pablum." He said, "I think the president is better than his policy. He's going to have to get a hold of his bureaucracy and do what Gorbachev has done," adding, "You're going to have to take risks."

Robert L. Pfaltzgraff Jr., of the Fletcher School of Law and Diplomacy, praised Mr. Bush's initial caution. "I would argue that the motivations of Soviet policy are such that it operates independent of our blandishments or even threats," he said. "So it is not inappropriate to allow Gorbachev to make changes that he must from his own self-interest make."

Mr. Bush initially gave his advisers two basic instructions for his approach to Moscow. One was that he did not feel the need to compete with Mr. Gorbachev in a public relations battle. The other was that he wanted "creative new initiatives" that would help the United States with the sweeping military, political and economic changes Mr. Gorbachev has set in motion.

The sources quoted Mr. Bush as reminding them that one of the most important tests of his presidency will be how he responds to the historic shifts now taking place in the Communist bloc.

Democrats Urging Gephardt to Run For No. 2 House Job if Wright Quits

By Tom Kenworthy and Don Phillips

Washington Post Service

WASHINGTON — Representative Richard A. Gephardt of Missouri has come under heavy pressure from fellow Democrats to run for majority leader as the House braces for a leadership scramble after the expected resignation next week of the House speaker, Jim Wright.

Democrats said the development reflected erosion in support for their third-ranking leader, Tony Coelho of California, in the face of continued allegations about a junk bond investment.

Mr. Coelho is actively campaigning to move up to the majority leader's post, which would become vacant with the expected election of current majority leader, Thomas S. Foley of Washington, to succeed Mr. Wright as speaker.

Several key Democrats said that Mr. Gephardt was now committed to running for either whip or majority leader, and that the decision meant he was taking himself out of

the 1992 race for the Democratic presidential nomination.

Other candidates, including Representatives William H. Gray 3d of Pennsylvania, David E. Bonior of Michigan and Beryl Anthony Jr. of Arkansas, were contemplating races to succeed Mr. Coelho as whip if he runs for majority leader. All three hold lower leadership positions.

With Democrats convinced that Mr. Wright's resignation as speaker is imminent, they have quickly turned their attention to what promises to be a peaceful transition to a new speaker but a brawl for other leadership posts.

Numerous Democrats began jockeying for position, among them Ed Jenkins of Georgia, a nearly certain candidate for majority leader, with several others considering the whip's post. The pressure on Mr. Gephardt to jump into a race for majority leader reflected the anxiety among House Democrats over who would succeed Mr. Foley as the second-ranking House leader.

Democrats are eager for the House to return to legislative busi-

ness without a battle that raises new ethics allegations.

The widespread maneuvering marked the opening of what could be a dangerous time for Democrats as they struggle to define their own image and contain the political damage from Mr. Wright's downfall.

Sources said Thursday that the Justice Department was reviewing Mr. Coelho's junk bond investment with Drexel Burnham to determine whether a criminal investigation was warranted. But they cautioned that the matter was at a preliminary stage and that Mr. Coelho had not been asked to provide documents.

Mr. Wright issued a statement Thursday saying that he had not offered to resign and that he was eager for "an opportunity for my side to be told and heard."

He is charged by the ethics committee with numerous violations of House rules by accepting gifts from a business associate with a direct interest in legislation and by evading outside income limits through bulk sales of his book in lieu of speaking fees.

In Indonesia, Worry Amid Trade Boom

By Michael Richardson

International Herald Tribune

TANGERANG, Indonesia — Workers in grey uniforms and caps patrol a plant of modern textile machinery in a factory here as it churns out fabric for export to Europe, the Middle East, Japan, the United States and Australia.

"We have a full order book for the next six months," says J. Susanto, assistant general manager of the Angkor factory, which has seven production units on a 52-hectare (128-acre) site at Tangerang, some 35 kilometers (20 miles) west of Jakarta.

The value of Indonesia's textile exports soared to nearly \$1.8 billion in 1988 from \$180 million in 1982, and the industry now employs more than 1.5 million people.

In recent interviews, Indonesian officials, businessmen and Western analysts said that the textile boom was part of a rapid expansion of manufacturing that is transforming the economy of the world's fifth largest nation by reducing reliance on the sale of oil, natural gas and other raw materials.

But they cautioned that Indonesia's prospects of becoming an export-oriented industrial power, capable of repaying its foreign debt of more than \$50 billion and providing jobs for a population of 178 million, would be jeopardized if its manufacturers were shut out of the United States, the European Community, Japan and other major markets by protectionist barriers.

The Indonesian trade minister, Arifin Siregar, is scheduled to arrive in the United States on Sunday for a week of talks with American officials aimed at preventing possible retaliatory action following complaints from U.S. business groups about alleged unfair Indonesian trade practices and economic policies.

These complaints include Indonesia's lack of trademark and patent protection, its bans on imports of U.S.-grown fruit, restrictions on the entry of American films and prohibitions on the exportation of rattan, which is widely used in the United States, Europe and other countries for making furniture.

Industrialists and officials in Jakarta complain that while Indonesia has taken substantial steps in the past few years to deregulate its economy, reduce import controls and liberalize foreign investment, it is now being penalized by some of the Western nations that urged it to adopt more open policies.

Indonesian exports of textiles have in the past few months been restricted by the imposition of new quotas in the EC. Exporters of denim and plywood also face charges of dumping their goods in Europe at prices below those charged in Indonesia.

"As our presence is starting to be felt in international markets, some countries want to slow the pace of our export growth," said J. Soedrajat, Djihadono, Indonesia's junior trade minister.

Oil and natural gas, which accounted for over 80 percent of total Indonesian exports and nearly 60 percent of government revenues in 1982, now make up only 40 percent of exports and 31 percent of state income.

Non-oil exports more than tripled from 1982 to 1988, to reach \$12.1 billion. Sales of textiles, plywood and an increasingly diverse range of manufactured goods accounted for just over half this total.

Despite sustained economic growth and one of the most successful birth control programs in a large developing country, Indonesian analysts and Western officials said that unemployment and underemployment loom as one of the greatest threats to social and political stability in Indonesia.

Indonesia has to generate more than two

hundred million jobs a year to keep pace with the number of new entrants into a work force that already has 73 million people.

Partly to minimize the potential impact of protectionism, analysts said, Indonesia is diversifying its export markets and sources of foreign investment in ways that could significantly strengthen future ties with the rest of Asia, including Japan, and weaken links with North America and Europe.

"A shift is occurring in the geographical distribution of exports, with Northeast and Southeast Asia, notably ASEAN countries, becoming more and more important," said Djihadono S. Simandjuntak, an economist at the Center for Strategic and International Studies in Jakarta.

Indonesia's Investment Coordinating Board approved foreign investment applications worth \$4.4 billion in 1988, almost three times the level of the previous year.

While West Germany, the United States and Japan were among leading investors, manufacturers from Taiwan, South Korea, Hong Kong and other East Asian countries, beset by rising costs and labor problems at home, poured capital into Indonesia.

One foreign economist said that major structural changes were under way in Indonesia "that could transform this hitherto oil-dependent economy into a key industrial center in east Asia by the mid- to late 1990s."

But to take full advantage of trading opportunities in Europe, North America and Japan, Western officials said that Indonesia would

have to improve the design, quality and marketing of its export products.

However, Mr. Soedrajat, who is also an economics professor at the University of Indonesia, expressed concern at what he called "attitudes and tendencies towards protectionism" in Europe and North America.

This was happening, he said, when Japan, long a major buyer of Indonesian oil, gas, minerals and agricultural commodities, was opening its market to manufactured exports from Indonesia.

"We are used to the United States and the EC being open and to Japan being closed," Mr. Soedrajat said.

He said that the omnibus trade bill enacted last year by the U.S. Congress had armed the administration of President George Bush with unprecedented powers to retaliate against alleged unfair trade practices by nations that have persistent large trade surpluses with the United States.

In Washington, Carla A. Hills, the U.S. trade representative, announced Thursday that three countries — Japan, India and Brazil — had been cited for unfair trade practices.

Thailand, Taiwan, South Korea, China and India were among eight "priority" nations that Mrs. Hills said would have to tighten protection of patents and other intellectual property rights. Their cases are to be reviewed in five months.

Indonesia and 16 other countries were placed in a third category. Their progress in developing safeguards for intellectual property rights are to be reviewed over the next year, Mrs. Hills added.

The United States imported goods worth \$3.5 billion from Indonesia in 1988, but its exports to Indonesia were valued at only \$1.1 billion.

U.S. officials pointed out that while the United States bought nearly 50 percent of Indonesia's textile exports and Europe took about 25 percent, Japan absorbed less than 5 percent.

"Because of low wage rates, Indonesia has a tremendous capacity to export cheaply and kill our textile industry," a European diplomat in Jakarta said.

Workers in the Indonesian textile industry are paid the equivalent of between \$1 and \$1.50 for an eight-hour day, a small fraction of the wage rate in Europe's high-quality industry, which employs 1.5 million people.

Chamroel Djafri, a consultant to the Indonesian Textile Association, said that despite assurances from European officials that the EC would remain an open market, Indonesian textile exporters were encountering increased restrictions.

"We are afraid that access will get more difficult as 1992 approaches because as common regulations are applied, EC members will adopt the most restrictive country quotas for textile imports, not the most generous ones," he said.

Protectionism/Free Trade



One in a series of occasional articles

million jobs a year to keep pace with the number of new entrants into a work force that already has 73 million people.

Partly to minimize the potential impact of protectionism, analysts said, Indonesia is diversifying its export markets and sources of foreign investment in ways that could significantly strengthen future ties with the rest of Asia, including Japan, and weaken links with North America and Europe.

"A shift is occurring in the geographical distribution of exports, with Northeast and Southeast Asia, notably ASEAN countries, becoming more and more important," said Djihadono S. Simandjuntak, an economist at the Center for Strategic and International Studies in Jakarta.

Indonesia's Investment Coordinating Board approved foreign investment applications worth \$4.4 billion in 1988, almost three times the level of the previous year.

While West Germany, the United States and Japan were among leading investors, manufacturers from Taiwan, South Korea, Hong Kong and other East Asian countries, beset by rising costs and labor problems at home, poured capital into Indonesia.

One foreign economist said that major structural changes were under way in Indonesia "that could transform this hitherto oil-dependent economy into a key industrial center in east Asia by the mid- to late 1990s."

But to take full advantage of trading opportunities in Europe, North America and Japan, Western officials said that Indonesia would

have to improve the design, quality and marketing of its export products.

However, Mr. Soedrajat, who is also an economics professor at the University of Indonesia, expressed concern at what he called "attitudes and tendencies towards protectionism" in Europe and North America.

This was happening, he said, when Japan, long a major buyer of Indonesian oil, gas, minerals and agricultural commodities, was opening its market to manufactured exports from Indonesia.

"We are used to the United States and the EC being open and to Japan being closed," Mr. Soedrajat said.

He said that the omnibus trade bill enacted last year by the U.S. Congress had armed the administration of President George Bush with unprecedented powers to retaliate against alleged unfair trade practices by nations that have persistent large trade surpluses with the United States.

In Washington, Carla A. Hills, the U.S. trade representative, announced Thursday that three countries — Japan, India and Brazil — had been cited for unfair trade practices.

Thailand, Taiwan, South Korea, China and India were among eight "priority" nations that Mrs. Hills said would have to tighten protection of patents and other intellectual property rights. Their cases are to be reviewed in five months.

Indonesia and 16 other countries were placed in a third category. Their progress in developing safeguards for intellectual property rights are to be reviewed over the next year, Mrs. Hills added.

The United States imported goods worth \$3.5 billion from Indonesia in 1988, but its exports to Indonesia were valued at only \$1.1 billion.

U.S. officials pointed out that while the United States bought nearly 50 percent of Indonesia's textile exports and Europe took about 25 percent, Japan absorbed less than 5 percent.

"Because of low wage rates, Indonesia has a tremendous capacity to export cheaply and kill our textile industry," a European diplomat in Jakarta said.

Workers in the Indonesian textile industry are paid the equivalent of between \$1 and \$1.50 for an eight-hour day, a small fraction of the wage rate in Europe's high-quality industry, which employs 1.5 million people.

Chamroel Djafri, a consultant to the Indonesian Textile Association, said that despite assurances from European officials that the EC would remain an open market, Indonesian textile exporters were encountering increased restrictions.

"We are afraid that access will get more difficult as 1992 approaches because as common regulations are applied, EC members will adopt the most restrictive country quotas for textile imports, not the most generous ones," he said.

Armitage Withdraws as Army Secretary Nominee

By Andrew Rosenthal

New York Times Service

WASHINGTON — Richard L. Armitage, President George Bush's choice as secretary of the army, has withdrawn his name from consideration rather than undergo confirmation hearings that were expected to include questions about his role in the Iran-contra affair and his relationship with a woman convicted of illegal gambling.

In the last two years, Mr. Armitage has been the focus of repeated allegations — some of them published by the columnist Jack Anderson — about his private life.

H. Ross Perot, the Texas industrialist, joined the fray in 1987

when he complained to Mr. Bush, then vice president, of Mr. Armitage's possible involvement in drug operations while serving in the Vietnam War. Mr. Armitage has denied the charges.

In addition, committee investigators have been reviewing his sworn deposition to the congressional Iran-contra committee to see if Mr. Armitage has been forthright in his account of arms sales to Iran.

A Pentagon spokesman said Thursday that Mr. Armitage had also resigned his post as assistant secretary of defense for international security affairs.

The Pentagon spokesman said Mr. Armitage, who has worked at

the Pentagon since 1981, had withdrawn so he could spend more time with his family.

Administration and congressional officials said Mr. Armitage had decided upon returning from a trip to Egypt, where he had been taken ill, that he did not want to face what was expected to be an intensive grilling by senators in his confirmation hearings.

In the congressional Iran-contra inquiry, Mr. Armitage was repeatedly questioned about whether he had met with Menachem Begin, an Israeli official, to discuss the Iran arms dealings.

Mr. Armitage said he could recall no such discussions, but the

classified Israeli report on the Iran affair, provided to the Iran-contra panel, says that Mr. Begin met with Mr. Armitage on Dec. 3, 1985, and that Mr. Armitage told Mr. Begin that he was the only Pentagon official other than Secretary of Defense Caspar W. Weinberger who "was in the picture on the Iranian issue."

In February, Mr. Anderson reported in his column that Mr. Armitage had written to the Arlington County Court on Defense Department stationery asking for testimony on behalf of a friend, Nguyen Thi O'Rourke, who had been charged with running an illegal football pool in Arlington, Virginia.

FREE INFORMATION

FROM INTERNATIONAL INVESTOR XIII

Herald Tribune

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EUROC

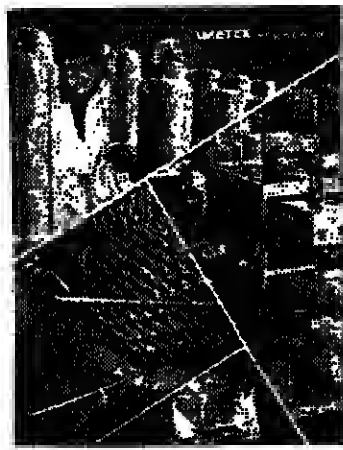
The Euro Group

In 1988 the Swedish-based Euroc Group strengthened its position as a leading building materials company by making major acquisitions, primarily in the United States, Great Britain and The Netherlands. Group earnings increased substantially for the second year in a row, due to a strong trend of deliveries, high utilization of plant capacity and the effects of acquisitions and restructuring measures. Earnings after net financial items increased 76 percent, to SEK 821 million. The Group's return on capital employed in industrial operations was 21 percent, which exceeded Euroc's long-term target. Euroc's 1988 earnings are expected to be higher than last year, due to continuing strong demand for its products and the impact of acquisitions on sales and earnings for the full year.

AMETEK

AMETEK, INC. (NYSE/AME)

It was a milestone year for AMETEK: in November the high-tech industrial manufacturer spun off 14 of its business to form a new company — Ketema (Amex-KTM) with annual sales of about \$200 million — and distributed its shares to AMETEK stockholders. What stayed with AMETEK is its high-growth international businesses — aircraft, automotive, laboratory and process instruments, high-performance electric motors and advanced industrial materials — with records sales in 1988 of more than half a billion dollars. AMETEK's unique dividend record also continued in 1988 with a 14 percent increase to 60 cents per share, the 39th consecutive year of higher payments to its stockholders.



ABB

ASEA BROWN BOVERI

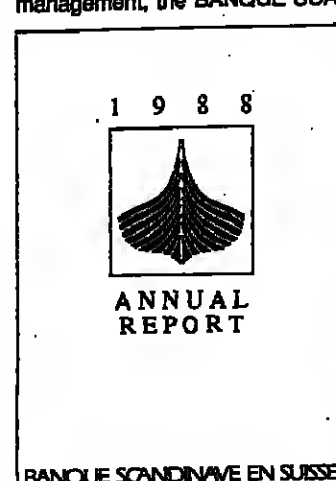
Asea Brown Boveri is the world's leading electro-technical company. In 1988, the first year of its existence, ABB showed revenues of U.S. \$18 billion, net income of U.S. \$386 million and some 170,000 employees. Half of total sales stemmed from power generation, high-voltage transmission and medium and low-voltage distribution. ABB is also active in the fields of transportation, drives and automation, environmental control and financial services. The ABB Annual Report 1988 is available in English, German and Swedish.



BANQUE SCANDINAVE EN SUISSE

A Swiss bank providing both private and institutional clients with a comprehensive range of investment and banking services, and focusing on global portfolio management in Geneva, Zurich, London and Paris.

Pursuing its development strategy with regard to the coming economic integration within the EEC, the Bank opened a 51%-owned subsidiary in Paris to specialise in international investment management, the BANQUE SCANDINAVE-TUFFIER.



Though commission income dropped in the aftermath of the October 1987 fall in stock markets, the year saw an increase in lending activities, and a growth in funds under administration to 6.3 billion Swiss francs. Net profit for 1988 was stable at CHF 13 million, and total assets were CHF 1275 million at year end. The Intelleco equity fund had a performance of over 20% and the value of each share of the BSS Bond Fund increased by 16%.

CAP GEMINI SOGETI

EXPERTISE IN INFORMATION TECHNOLOGY

CAP GEMINI SOGETI, an independent and public group with more than 12,000 employees, is one of the leading computer professional services companies in the world and the largest in Europe. In 1988, CAP GEMINI SOGETI realized consolidated revenues of F.Fr. 5.8 billion (+43.6%) - distributed among the United States (CGA) and Europe. Net profitability after taxes reached F.Fr. 402 million (+43.6%), which represents 6.9% of revenue. The company is registered on the Monthly Settlement Market of the Paris Stock Exchange and its leadership is acknowledged in all advanced software technologies.



CSX CORPORATION

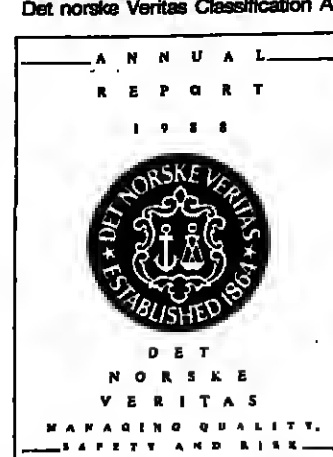
CSX Corporation, with assets of \$13 billion and 1988 revenue of \$7.6 billion, is an international transportation company which offers rail, container shipping, barging and trucking services, and has interests in real estate, resorts and technology.



DET NORSKE VERITAS

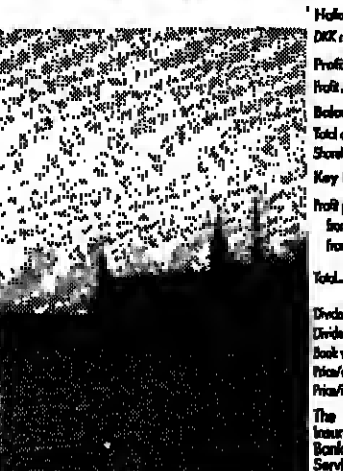
An independent foundation established 125 years ago, Det norske Veritas, through a group of wholly owned and subsidiary companies, today offers quality, safety and risk-management services to international industry.

Det norske Veritas Classification A.S. is one of the world's leading maritime classification societies. DNV Industry A.S. provides services in safety, quality and reliability to a wide range of land-based industry, and Veritas Offshore Technology & Services (Veritas) A.S. concentrates on consultancy assignments for the oil industry. Other subsidiaries are active in aerospace, information technology and strategic research. Financial performance developed positively during the year: the Group achieved a 1988 profit of 61 million Nkr. (\$8.98 million) on sales of 1,571 million Nkr. (\$231 million). Det norske Veritas, N-1322 Hovik, Norway.



HAFNIA INVEST

In 1988 Hafnia Invest, which is the parent company of Denmark's leading financial services group, achieved the best earnings ever with total operating profits and capital after taxation of DKK1,602 million.



Hafnia Invest Ltd. — Financial Highlights	1988	1987
Profit and Loss Account		
Profit	26	20
Balance Sheet		
Total assets	646	435
Shareholders' equity	337	334
Key Figures	1988	1987
Profit per share of DKK100		
From operating profit	46	30
From capital gains	14	19
Total	104	49
Dividend	80	70
Dividend adjusted for capital income	60	52
Book value per share of DKK100	50	42
Market value (price of year-end)	62	67
Price/earnings ratio (price of year-end)	0.64	0.7

The Hafnia Invest Group comprises the Hafnia Insurance Group, Hafnia Trust and Investment Bank Ltd., Hafnia Merchant Bank Ltd., Hafnia Service Ltd., Hafnia Real Estate Ltd. and Hafnia Fund Raising Company Ltd.

McDonald's Corporation

About the McDonald's System

The McDonald's System is the largest foodservice organization in the world. The Company, its franchisees and affiliates operate more than 10,500 McDonald's restaurants, each offering a limited menu of high-quality food, which can be part of a well-balanced diet. These restaurants are located in 50 countries. The System has pioneered food quality specifications, equipment technology, marketing and training programs and operational systems that are the standards of the industry throughout the world.



NATIONALE NEDERLANDEN

Nationale-Nederlanden is one of the world's leading insurers with 25,000 employees in 22 countries. The group offers services in all types of life and non-life insurance, including professional reinsurance and other financial-related services.



Revenue for 1988 increased by 17% to over D.Fls. 20 billion and net profit increased by 12% to D.Fls. 787 million. Total assets reached D.Fls. 82 billion at the end of 1988. Dividend for 1988 was set at D.Fls. 2.80 per share. With the latest acquisitions in North America the executive board expects further increases in revenue and profit for 1989.

ORKEN

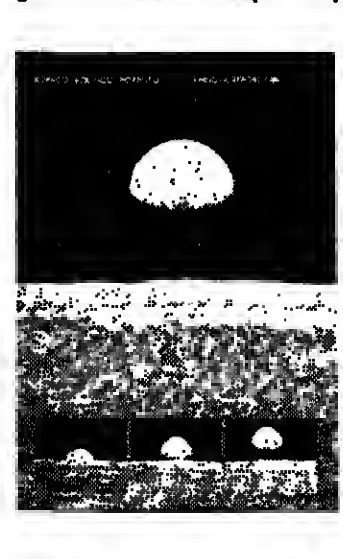
Building on its highly encouraging 1987 performance, the Group tripled profits in 1988 to FF 3 billion, which represents an outstanding return on sales. Two years of restructuring bore fruit in 1988, as operating conditions proved highly favorable. Substantial productivity gains were a significant feature of the year, contributing particularly to the return to profit of the fertilizer sector.

Sales totalled FF 21.5 billion, up from FF 20.3 billion in 1987, a comparative increase of 6%. These results permitted Orkem to launch an important program of development and investment: the same involved in 1988 amount to FF 2.5 billion, half of which relate to investment in new production equipment and half to acquisitions. They also enabled the Group to stabilize its financial position. Orkem is strong in many key sectors of the chemical industry including Thermoplastics, Acrylates, Polymeric Materials and Adhesives. Orkem is the third largest European fertilizer manufacturer. It is also the third worldwide ink producer through its association with Lonitex and the British Company, Coates. It is the leading paint manufacturer in France.



ROBECO/ROLINCO/RORENTO

These three companies form part of the Dutch Robeco Group, one of the world's leading investment houses. Their combined portfolios of blue-chip equities (Robeco), growth oriented stocks (Rolinco) and bonds (Rorento) were worth US\$11.2 billion at the end of 1988.



Respective 1988 dollar performance results were 8.7%, 13.8% and -0.3%. Average annual dollar performances over the past five years have been 21.5%, 19.2% and 18.4%, respectively. For details of our uniquely low management costs (0.21% - 0.30%) and easy access to all Robeco Group companies through a Robeco Geneva Account, send for our annual report.



SAAB-SCANIA

Saab-Scania develops, manufactures and markets products in the "means of transport" sector: cars, trucks and buses, civil and military aircraft, missiles and satellites, as well as industrial automation.

Consolidated sales of the Group amounted 1988 to SEK 42.5 billion and consolidated income to SEK 3.2 billion. Pre-tax return on capital employed was 19.4 per cent and the equity/assets ratio 60 per cent. Capital expenditures for property, plant and equipment and expenditures for research and development was SEK 5.3 billion, equal to 14.8 per cent of consolidated sales. There were 50,000 employees. For your own copy of Saab-Scania's 1988 Annual Report write to: Saab-Scania AB, Corporate Communications and Public Affairs, S-581 88 Linköping, Sweden.



SANDOZ

Sandoz, with sales of S.Fr. 8,979 million (up 7%) and earnings of S.Fr. 627 million (up 16%) in 1987, is a specialized manufacturer of chemical, pharmaceutical, crop protection, seed and nutrition products.



Headquartered in Switzerland, Sandoz is a research oriented group with worldwide operations. The company spent S.Fr. 805 million on Research & Development in 1987, most of it was in the pharmaceutical area. Sandoz enjoys a superior financial strength achieved through excellent performance. With year-end 1987 liquid assets accounting for more than 25% of total assets.

SKANSKA

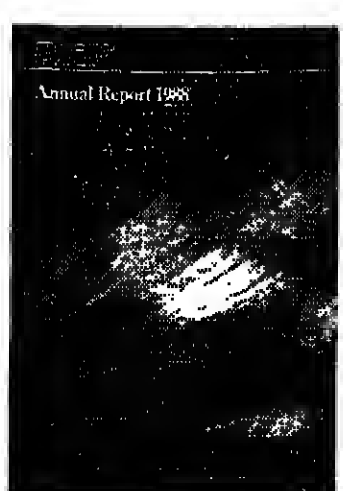
Skanska is one of Europe's leading civil engineering and building contractor. 1988 was a successful year. The company has undergone a series of major organizational changes. This restructuring had led to the formation of eight separate and specialized business units.

International property investment continues to develop with undiminished and solid progress. The Skanska Group reports 1988 revenues of SEK 23,090 M, and income before allocations and taxes of SEK 1,804 M. Revenues outside Sweden amounted to SEK 1,778 M. The Group's income from contracting operations after depreciation was SEK 820 M. Return on capital employed was 16.4% and return on shareholders' equity was 15.9%.



SKF

SKF is the world market leader in rolling bearings with operations in 130 countries and total sales in 1988 of 21,248 million Swedish kronor. The Group has a 20 per cent world market share, excluding China and Comecon. While rolling bearings account for four fifths of the sales, the Group also manufactures and sells grinding machines, cutting tools, components and systems for aircraft linear motion materials handling and textile machines, as well as many other mass-produced precision engineered products.



Operations in the field of rolling bearings have been restructured to provide for improved customer-orientation. The results have been positive with the growth in SKF's volume exceeding that of the market both in Europe and the U.S. The SKF share price developed favourably during 1988 with the price of the unrestricted B share rising from 233 kronor at the beginning of the year to 398 kronor at year-end. The Board of Directors proposes an increased dividend of SEK 14.00 per share. It will also recommend a four for one stock split at the Annual General Meeting.

TOKYO PACIFIC HOLDINGS N.V.

Tokyo Pacific Holdings N.V. gives shareholders an opportunity to participate in the economic growth of Japan.

Shares of TPH are listed on the Amsterdam, Düsseldorf and Frankfurt stock exchanges. During 1988 the N.A.V. appreciated + 20.2% plus dividend. In the first quarter of 1989 the N.A.V. increased by 9.8%. Investors may purchase shares through banks and brokers throughout the world.



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Herald Tribune

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IHT0527

On Glasnost's Celebrity Row

New York Times Service

MOSCOW — For a woman who has been in the spotlight for so long, Raisa Gorbacheva was showing no signs of post-glaspnost depression Friday morning.

Encountered as she swept through the marble foyer of the Kremlin Palace of Congresses, the Soviet first lady passed to greet a crowd of admirers that, no, she did not feel unloved by her countrymen.

Well, at least by her countrymen.

"It's the men," she sighed. "But the women are all for me." She steered the foreigners over to a cluster of female deputies.

"Hello, hello my dear. Let's answer together. This is the American press. And they just came up to me and asked me: 'How do you feel about the fact that one man deputy came up yesterday and went to battle against you?'"

Mrs. Gorbacheva has surely helped to change the image of the Soviet leadership abroad. But at home her manner and wardrobe are the stuff of rude jokes.

Criticism of her made prime-time television Thursday a deputy scolded Mikhail S. Gorbachev for imperial tendencies.

Napoleon was tempted into tyranny by "sympathizers and his wife," the deputy said. "I think

you too are incapable of avoiding the adulation and influence of your wife."

On Friday morning, the woman around Mrs. Gorbacheva was a chorus of disapproval.

"All women are for you," one exclaimed.

"Write this down," the first lady instructed the reporters.

"That's right," claimed in another woman. "That's exactly how the spouse, the wife of the

REPORTER'S NOTEBOOK

general secretary should be, like Raisa Maximovna, with her intellect, with her schooling, with her charm. And we're proud of her."

"That we finally have someone to show off abroad," the chorus continued. "At last. At last. Someone to show off."

"Write that down, if you're not ashamed," Mrs. Gorbacheva repeated, glowing with triumph. "I always knew that women were with me. I know it's only men who say that. We're ashamed for men."

Just then a man poked his head into the crowd to say: "Here's a big thank you from the men. From all men. Good for you, you're a great, hard-working gal."

The first lady flushed happily. "Thank you, thank you," she said and turned to the foreigners to dictate an amendment: "Write down that not all men are alike."

Elsewhere in the lobby, where onetime dissidents mingle with four-star generals in a new political meeting point, Boris N. Yeltsin was committing fresh heresies for Soviet and foreign reporters.

Mr. Yeltsin, the deposed Moscow party chief who was reincarnated by an electoral triumph, declined Thursday to challenge Mr. Gorbachev for the job of president. Now the question around the Kremlin is: What does he want?

Many expect that he will allow himself to be nominated in opposition to Mr. Gorbachev's hand-picked candidates for deputy president or prime minister. Mr. Yeltsin encourages this speculation, joking that he is "currently unemployed."

The other celebrity of the day was Alexander M. Obolensky, who on Thursday nominated himself as an alternative to Mr. Gorbachev for the presidency.

By Friday, his venture had become part of the lore of the congress.

Nikolai Engver, an economist from the region of Udmurt in the Ural Mountains, recalled that when Mr. Obolensky offered his candidacy the first reaction was: "What is this?"

In the end, nearly a third of the deputies voted to put Mr. Obolensky's name on the ballot.

—BILL KELLER

NATO: U.S. Troop Cut

(Continued from page 1)

added. He said that U.S. officials considered Friday "did not indicate" whether the report was true.

All that could be confirmed Friday was that Mr. Bush had sought allied agreement to allowing the United States to get the main benefits, in terms of reduced military commitments, of a successful outcome of the East-West arms control talks in Vienna on cutting conventional forces in Europe.

(En route to Rome on Air Force One, the chief White House spokesman, Martin Fitzwater, was quoted by The New York Times as saying, "Any ideas in this area would be one the president would want to discuss with the allies. He would raise with his partners at this session before he discusses anything publicly.")

Mr. Fitzwater added, "I am not confirming or denying any decision."

The Bush administration's interest in a reduction of U.S. forces in Europe was conveyed to allied capitals in letters this week, according to a source with access to White House policy-making.

"I can't even hint or speculate on this subject, we'll just have to see what they have to say this weekend," said a normally communicative U.S. official.

Mr. Bush arrived in Italy on Friday prior to a NATO summit meeting that is to begin Monday in Brussels. He later is to travel to West Germany and Britain.

Several allied officials said that the implications of a U.S. troop reduction dramatically raise the diplomatic tension over the two-day NATO meeting, which already was threatened by a deadlock over West Germany's insistence that the United States start early negotiations with the Soviet Union on cutting nuclear weapons in Europe.

A cut in U.S. forces contained a strong logic aimed at helping Washington recapture the diplomatic initiative, the officials said.

The Bush administration has appeared increasingly stung by criticism that it has been unimpressive in countering the disarmament proposals of the Soviet president, Mikhail S. Gorbachev.

Citing a "jittery mood" among European officials Friday, a policy-maker in London said, "Nobody is calm about the symbolism of a U.S. withdrawal."

Militarily, the departure of up to 34,000 U.S. troops from Europe would not seriously disrupt the alliance's defensive strategy since it would correspond to the NATO force that would probably be disbanded if an East-West agreement is reached in negotiations on conventional forces in Vienna.

But allied governments had agreed to postpone discussions on how to parcel out any force reductions, which were not expected to materialize until the mid-1990s on the most optimistic reading of prospects for the Vienna talks.

"The United States apparently is getting ready to pocket preemptively the benefits to be accrued from a Vienna treaty," said François Heisbourg, director of the International Institute for Strategic Studies in London.

Senator Sam Nunn, Democrat of Georgia, the chairman of the Armed Services Committee, said that a 10 percent cut "is the probable amount of reduction that would occur if the Soviet Union accepted the NATO proposal" in Vienna.

■ **Bush Arrives in Rome**
Bernard Weinraub of The New York Times reported Friday from Rome:

Mr. Bush arrived in Rome on Friday night for the start of a week-long European trip, emphasizing that "new challenges and unparalleled opportunities" face the Western alliance in view of Soviet initiatives.

Continuing his upbeat approach to East-West relations after weeks of expressing caution and wariness about Mr. Gorbachev, Mr. Bush began his first trip to Europe as president with a message of "welcome" to the political and economic changes taking place in the Soviet bloc.

"We welcome the political and economic liberalization that has taken place so far in the Soviet Union and in some countries of Eastern Europe," Mr. Bush said at Andrews Air Force Base, shortly before leaving for the eight-hour flight to Rome. "We watch, hoping more changes will follow."

Upon arriving in Rome, Mr. Bush did not mention the nagging and divisive dispute between Washington and Bonn over short-range nuclear missiles.

For years, China has tried hard to reassure Hong Kong, which it is to inherit in 1997, that all is well these days, and that there are no leadership struggles that could upset the open-door policy. But in the last few days, Mr. Li's call for a military crackdown and the subsequent power struggle have touched off a new wave of alarm in Hong Kong about its future.

The Hong Kong stock market, in which many Chinese concerns invest and which others are beginning to use to raise capital, plunged this week. And Hong Kong last Sunday saw the biggest political demonstration in its history, with hundreds of thousands of people rallying in support of China's pro-democracy movement.

Chinese leaders are presumably also concerned about the injury to the investment climate if Mr. Li, a man regarded with some suspicion by international investors as an enthusiast of central planning, attains greater power.

Some Chinese analysts, as well as foreign diplomats, say they believe that such worries will encourage China's leadership at some point to remove not only Mr. Zhao, but also Mr. Li.

—NICHOLAS D. KRISTOF

Summit Ends Amid Discord on Lebanon

By Youssef M. Ibrahim

New York Times Service

CASABLANCA, Morocco — A four-day emergency meeting of Arab heads of state ended Friday after failing to persuade Syria to pull its estimated 40,000 soldiers from Lebanon and taking a slightly softer stance toward Israel.

The unresolved dispute over Lebanon, some analysts said, could preclude an intensification of fighting there.

The Lebanon dispute nearly eclipsed two other significant developments at the Arab League summit meeting: the readmission of Egypt to the league and the league's overwhelming support for the new PLO strategy of pursuing a peaceful settlement to its conflict with Israel.

Representatives of the 22-member nations, with the exception of Syria and Libya, backed the moves of the PLO chairman, Yasser Arafat, toward recognizing

Israel, and the various steps he has taken since the Palestine National Council meeting at Algiers last year to trade this recognition for an independent Palestinian homeland.

The broad consensus was that a peaceful solution to the conflict with Israel should be sought in the context of an international conference.

While rejecting the proposal of Prime Minister Yitzhak Shamir of Israel for local elections in the occupied territories, the summit meeting left the door open to elections once Israeli troops are replaced by UN or other international observers, and provided, as one Arab delegate put it, that the elections were part of an "overall process of peace."

Although Syria and Libya expressed reservations about any solution that might hint of recognizing Israel, most delegates to the meeting said that those objections would have little effect on the Palestinian official said that Syrian troops in Lebanon had been reinforced in recent days by a tank brigade that took up positions near the strategic hilltop village of Souk el Gharb, 11 kilometers (7 miles) southeast of Beirut. Witnesses in the neighboring Druze-held village of Aleh confirmed the report.

Clashes resumed Friday in Beirut in violation of a cease-fire agreement mediated earlier this month by an Arab League committee that also called for the deployment of Arab truce observers.

—(AP, UPI)

estime Liberation Organization's course of action, or on the ongoing negotiations involving the peace process in which the United States, Egypt, Jordan, the PLO and Saudi Arabia are deeply involved.

The Syrian stand on Lebanon was widely viewed at the meeting as a prelude to further fierce fighting in the Lebanese civil war.

The determination of Syria to stand alone against the wishes of other Arab nations that it withdraw its forces from Lebanon is expected to draw its arch-enemy, Iraq, further in the fighting on the side of the Christian forces led by Major General Michel Aoun.

A face-saving formula, which promised to pursue the search for a compromise between the Iraqi insistence on a total Syrian withdrawal from Lebanon and Syria's refusal to do so, failed to satisfy Iraq.

The compromise formula, based on a joint Egyptian and Kuwaiti text, would have required "all military forces, groups and illegal militias" to evacuate Beirut and its suburbs within three months. Under this proposal, a four-nation committee was to have been formed to oversee the evacuation.

But many of the delegates said that the Arab consensus had clearly moved away from the militant policies toward Israel that dominated Arab summit meetings for decades, and that Syria's position might prove to be unsustainable in the long run.

—NICHOLAS D. KRISTOF

CHINA: Zhao Arrest Reported

(Continued from page 1)

expose the conspiracy of the very, very small number of people who want to create chaos, and firmly and unequivocally fight against them without making any concessions."

The suggestion for more ideological education could be read as the first call for a new campaign for ideological purity, such as the campaigns against "bourgeois liberalism" in 1987 and "spiritual pollution" in 1983 and 1984. Those meant a clampdown on intellectual freedom and minor purges of officials who did not adhere to the official line.

There are conflicting reports about Mr. Zhao's intentions, but party officials and diplomats suggest that Mr. Zhao and Mr. Li are now trying to build a case against Mr. Zhao to present to the party Central Committee.

The charges are said to include accusations that Mr. Zhao led an "anti-party clique," incited the student demonstrations and the resulting turmoil for his own political ends; is the foremost corrupt official in the nation; fostered splits in the military; and released national secrets by disclosing that the Central Committee had voted to consult Mr. Deng on all important matters.

The corruption charge is regarded as a shrewd maneuver because corruption has been one of the concerns the public most cared about during recent demonstrations.

Mr. Zhao has some friends on the Central Committee, and some Chinese say there remained a faint chance that the Central Committee would refuse to go along with overthrowing him. But most say that by the time party members have reached the Central Committee level, they are so used to democratic centralism that they will follow the instructions of the leadership.

In some ways, life in the capital is returning to normal. Most buses are running again and traffic is less congested. Troops are still surrounding the capital but citizens no longer turn out at night to erect roadblocks to keep them out of Beijing.

There have been widespread reports of military units with competing loyalties confronting each other, as if preparing for a civil war to resolve the political crisis.

But the reports cannot be confirmed and the source of the tension may have been resolved with the commanders of the Beijing Garrison Command and the Beijing Military Region agreeing to support Mr. Li and his order for martial law.

—NICHOLAS D. KRISTOF

BEIJING: Step Backward

(Continued from page 1)

Changchun in the northeast to Guiyang in the southwest, has witnessed demonstrations in the last few weeks, and increasingly the target has been Mr. Li.

In recent weeks, China's leadership has shown itself to be not impervious to public opinion, in agreeing to "dialogues" with student leaders and in Mr. Li's own willingness to embrace "human rights," a concept that party leaders had previously rejected as bourgeois.

But several party officials now say that in competing for support in the leadership it is probably an advantage to be at least mildly disliked by the public these days. Their reasoning is that at a time when the party itself is under attack, a leader gains credibility when he, too, is criticized.

"It's just as Mao said: 'To be attacked by the enemy is not a bad thing but a good thing,'" explained a young party official who disagreed with the reasoning.

Whether or not such cynicism is warranted, at least some Politburo members are presumably apprehensive about the effect of Mr. Li's extraordinary unpopularity at home, which is also likely to affect his standing abroad. China is obsessively concerned about order and discipline, for example, yet Mr. Li continues to inspire disorderly demonstrations all over the nation.

For years, China has tried hard to reassure Hong Kong, which it is to inherit in 1997, that all is well these days, and that there are no leadership struggles that could upset the open-door policy. But in the last few days, Mr. Li's call for a military crackdown and the subsequent power struggle have touched off a new wave of alarm in Hong Kong about its future.

The Hong Kong stock market, in which many Chinese concerns invest and which others are beginning to use to raise capital, plunged this week. And Hong Kong last Sunday saw the biggest political demonstration in its history, with hundreds of thousands of people rallying in support of China's pro-democracy movement.

Chinese leaders are presumably also concerned about the injury to the investment climate if Mr. Li, a man regarded with some suspicion by international investors as an enthusiast of central planning, attains greater power.

Some Chinese analysts, as well as foreign diplomats, say they believe that such worries will encourage China's leadership at some point to remove not only Mr. Zhao, but also Mr. Li.

—NICHOLAS D. KRISTOF

KREMLIN: Soviet Congress Is Having Birth Pangs

(Continued from page 1)

ural gap between workers and intellectuals, the aloofness of the Baltic republics, the animosities and grievances of ethnic minorities.

■ **Vote-Rigging Charged**
The Soviet congress moved to elect the full-time legislature on Friday amid charges that senior party officials had rigged the process to stay in power, the Associated Press reported.

Mr. Gorbachev declared a "crisis situation" after the republic of Lithuania threatened to boycott voting for the Supreme Soviet in a dispute with the parliament's Moscow delegation.

With the Soviet leader shepherding the body through hours of difficult debate in its second session, the congress thus moved steadily toward a secret ballot that would select deputies from each republic, rather than the "old system" of a rubber-stamp legislature. Officials said results would not be known until Saturday.

A list of 573 congress members selected by their home regions was prepared for 542 seats in the Supreme Soviet, giving deputies few choices but setting up tough races for legislators from Moscow, where some of the most liberal deputies are running.

"The party apparatus is once again asking us to elect the Supreme Soviet according to the old system," said one deputy, Vladimir Shevlyuga of Rostov.

Vladimir Zolotarev of Tashkent complained that the top party and government officials in Uzbekistan had had themselves nominated without consulting other deputies representing the republic.

The dispute between Moscow and Baltic delegates revealed the competing interests of the groups that are pushing for faster and

more radical change in the Soviet Union than Mr. Gorbachev and the national leadership propose.

Lithuanians announced through a deputy, Vytautas Landsbergis, that they would boycott planned elections for the Supreme Soviet if deputies from other republics were permitted to vote on the Lithuanian side.

The congress was trying to decide whether only republics and specific regions should be allowed to select their members in the Supreme Soviet, or whether lists of candidates from each area should be presented to the entire congress to be narrowed down.

The congress finally allowed the Muscovites to put up a slate of 55 candidates, including Boris N. Yeltsin, the deposed Moscow party boss, who has become a popular hero, for its 29 allocated seats.

That established the principle of multi-candidate balloting but left the fate of candidates pushing for change uncertain.

Few other delegations put up slates larger than the number of seats they were allotted.

Although some legislators accused party bureaucrats of rigging the lists for the Supreme Soviet to keep themselves in power, the faces in the nation's lawmaking body were certain to change.

Only one member of the Communist Party Politburo appeared on a list of nominees to be voted on by the new congress, which must pick the legislature from its own membership.

Proponents of change lost an attempt to force top party officials to choose between party jobs and serving in the Supreme Soviet, as a way of easing the grip of the party bureaucracy on the legislature. The congress adopted a measure calling for Supreme Soviet members "as a rule" to be freed

from other jobs to concentrate on lawmaking — far short of the outright ban sought by deputies.

At one point Friday, deputies to the new congress quarreled heatedly over legal restrictions on demonstrations after a deputy complained that special anti-riot forces had been deployed to break up a public meeting in a Moscow square.

The sociologist Tatiana I. Zaslavskaya told her colleagues that voters had called her after midnight at a gathering on Pushkin Square in Moscow. Saying the crowd had assembled to meet deputies from the new congress, she demanded that the parliament vote to lift a ban on unauthorized public gatherings for the duration of the session.

Soviet law permits city authorities to ban public meetings and protests to maintain public order.

Mr. Gorbachev called the interior minister, Vadim V. Bakatin, to the podium after Miss Zaslavskaya's speech — the first time in memory that a minister was called on to account publicly for the actions of the police in the Soviet Union.

Mr. Bakatin said that voters had gathered in public all over the country to discuss the first day of the congress and that no incidents had been reported. The Moscow meeting was different, he said, because it had been banned in advance by city authorities.

Mr. Gorbachev, as president of the congress, moved to resolve the dispute by putting to a vote Miss Zaslavskaya's request that Moscow city authorities lift the ban on unauthorized public meetings for the duration of the congress.

The vote nonetheless showed conservatives in the congress held sway. A total of 1,261 deputies opposed lifting the ban, whereas 831 supported the move.

stance on short-range missiles, with all its implications of an assertive new German sovereignty, was a major triumph for him.

In the end, the officials said, Mr. Kohl was thoroughly boxed in. On one side was Mr. Genscher's implicit threat to topple the coalition, on the other were staunch supporters of the policy by which Mr. Kohl's own party, led by Alfred Dregger, the Christian Democratic parliamentary whip.

Also rebelling was President Richard von Weizsäcker, who in a major speech Thursday had effectively aligned himself with Mr. Genscher's foreign policy and boldly declared that West Germany was no longer "playing ball."

Finally there were public opinion polls, the last of which found that 89.1 percent of those questioned opposed new U.S. short-range weapons.

The triumph was tangible as members of Mr. Genscher's Free Democratic Party prepared for a meeting in Cologne on Saturday. Among other things, the party was prepared to declare itself formally in favor of eventually eliminating all short-range nuclear weapons and nuclear artillery shells from Europe.

This position, known as the "third zero," has been strongly opposed in Washington and London, where it is feared that pressure would then be generated for the demilitarization of Europe. This would thus give added weight to the massive Soviet land army.

U.S. Embassy officials in Tokyo, who along with the State Department had warned against singling Japan out as a 301 offender, had no comment Friday on Mr. Armacost's meeting.

■ **EC Is Critical**
The European Community criticized the U.S. decision Friday and repeated its opposition to new U.S. trade legislation even though its member countries were excluded from a list of nations that Washington says engage in unfair trade practices, Reuters reported from Brussels.

A spokesman for the EC Commission, the executive body responsible for the trade policy of the 12 member states, said it vehemently opposed Washington's citing of Japan, Brazil and India.

"We profoundly regret the United States has chosen this route," the spokesman said.

The commission spokesman said the new U.S. law undermined global trade negotiations under way under the auspices of GATT, based in Geneva.

GERMAN: Missile Issue Is Divisive on Eve of Summit

(Continued from page 1)

opposed talks and in fact intended to upgrade its missiles.

The dispute quickly escalated into a test of will between Washington and a newly assertive Bonn. But as the summit meeting approached, Mr. Kohl reportedly grew anxious about the rift.

According to similar reports in the Städtische and Stuttgarter newspapers, Mr. Genscher made it clear that he would not remain in the coalition if the U.S. proposals, which he considered a "mockery," were accepted.

Mr. Genscher and his party categorically denied any such threats, but politicians privately confirmed that the foreign minister left no doubt of his determination. Bonn's

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ARTS / LEISURE

Annenberg Collection: New Look at Art

By John Russell
New York Times Service

PHILADELPHIA — With the opening Sunday of "The Annenberg Collection: Masterpieces of Impressionism and Post-Impressionism" at the Philadelphia Museum of Art, a major American collection is installed and catalogued — for the first time in a great museum — as it deserves.

No one will go away disappointed. This is a powerful, far-ranging and individual collection that threads its own way in a period that by now may seem familiar. But as seen in Philadelphia, it is not so familiar after all.

Take Gauguin, for instance. How many of us think of Gauguin in terms of the austere and definitive estimate of human bonding that is the mark of his "Portrait of Women (Mother and Daughter)" in the present exhibition? Yet this is a key painting that shows Gauguin responding on the one hand to that novelty in the South Seas, the

photograph, and on the other to the unexcelled example of Hans Holbein the Younger as a master of the double portrait.

Nor is it every collector who would tackle Monet's "Camille on a Garden Bench" of 1873. Dated from just before the first Impressionist exhibition, this is both a demonstration of early Impressionist procedures at their most vivid and a psychological study of a kind that is rare in Monet's work at any time and, in this case, has never been unriddled.

Who are these people and what is happening between them?

One of them is Monet's wife. But given her unconvincing and pathetic appearance, we have trouble believing she is in the grip of an intrigue. Nor is her companion a ball of fire, at first sight. There is in this painting an ambiguity, a long hesitation and an elaborate setting-up of the two principal figures that make them linger in the memory. A virtuoso elucidation in the cata-

logue goes deeply into every aspect of the painting, but does not quite resolve its central peculiarity.

Other painters shown in strength include Degas, Renoir, Toulouse-Lautrec, Seurat, Cézanne and van Gogh. From a slightly later period, Vuillard, Braque and Matisse are well represented, and there is a landscape by Bonnard from the middle 1930s to speak for the last great flowering of the school of Paris.

Throughout the collection, we sense that a powerful nature is seeking fulfillment through acquisitions that can stand up — and if need be stand alone — as exemplary individual achievements.

This is true of Cézanne — and nowhere in this country has Cézanne been more cherished than in Philadelphia — and of Renoir and van Gogh. Over and over again, it is the demanding picture, rather than the most accessible, that we see on the wall. The pink roses in van Gogh's still life may have faded

a little, but in their tumbled and tousled petals a hundred different whites and near-whites compete for our attention.

Demanding, likewise, is the early and monumental "Portrait of Uncle Dominique as a Monk" by Cézanne. There is nothing sweet or easy about this redoubtable image. Knifed, not painted, it is the very embodiment of masculine authority.

Nor is there anything self-evidently appealing about Cézanne's "House With the Cracked Walls." Look at it how we may, this is a metaphor for a life, or a world, in ruins. Cracked and creviced, the uninhabited house still stands. But for how long?

And for whose benefit we would hesitate to say. Yet all around it are trees, green with fresh life, and huge boulders that will outlive the house, and outlive the trees, and outlive all of us. This stone image is one of Cézanne's most extraordinary conceptions.

Here and there, however, lighter concerns come to the surface, as in the little painting of Princess Metemich on the beach by Boudin. Ill-natured people in Paris used to say of Princess Metemich, the wife of the Austrian ambassador in Paris during the reign of Napoleon III, that she had a face like a monkey. She knew it, too.

"I may look like a monkey," she once said, "but I am the best-dressed monkey in Paris." And, even on the beach, she looked it.

If curiosity about the collection has long been widespread, it is not simply because Walter Annenberg brings to the act of collecting a total and at times voracious commitment.

Nor is it simply because he is never known to have bought an insignificant painting. It is because he and his wife, Leona, may one day wish to find a museum in which their collection will look its best, and have the best company, and inspire a lasting affection.

The Philadelphia showing is important on more than one count. Philadelphia is Annenberg's own city. Two years ago he and his wife gave the museum the two sketchbooks by Cézanne that he had acquired in 1983 from his sister, Enid Haupt.

More recently, he gave the Philadelphia Museum \$5 million toward the capital fund that will give it a much-needed freedom of action.

The show can be seen through Sept. 17, after which it will go to the National Gallery in Washington in May 1990 and then to the Los Angeles County Museum of Art.



Walter Annenberg and a major work from his collection, van Gogh's "Vase of Roses."

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At Glyndebourne, a Brilliant 'Jenufa'

By Henry Pleasants

GLYNDEBOURNE, England — Following a success with a sequel is notoriously risky, but Glyndebourne Festival Opera has taken the risk, and got away with it brilliantly.

Having opened the 1988 season with Leon Janacek's "Katya Kabanova," it opened the 1989 season last week with the same composer's more familiar "Jenufa," and with the same production team and coordinator.

Nicholas Leenhoff is the producer and Tobias Hohenseil the designer, with Wolfgang Gobel in charge of the lighting. Presiding over the London Philharmonic Orchestra is Andrew Davis, the festival's new music director, succeeding Bernard Haitink. The work is given a new edition by Sir Charles Mackerras and John Tyrell, based on Janacek's 1904 original, and sung in Czech.

The Glyndebourne Festival, founded in 1934 by John Christie, and famous not only for its opera, but also for the lawns and gardens of Christie's Sussex estate, picnic dinners and evening dress, was initially built around Mozart. A theater seating 830 and its flanking acoustics were ideally suited to the intimacy of his operas, especially those set to Lorenzo da Ponte's Italian texts for "Le nozze di Figaro," "Don Giovanni" and "Così fan tutte."

The repertoire has been widely expanded since those early years, not always successfully. "The Cunning Little Vixen," a few seasons ago, pointed the way to Janacek, and the choice of "Katya Kabanova" for last season's opening, and now "Jenufa" for this year's, should suggest that the Moravian composer (1854-1928) may be taking second place only to Mozart as "house composer."

This may seem odd at first glance, as the idiom of both "Katya Kabanova" and "Jenufa" may be described as "Moravian verismo." The more familiar Italian verismo operas call not only for more vocal amplitude than is congenial to the Glyndebourne theater's physical and dynamic dimensions, but also for the kind of singer that the unsubsidized Glyndebourne cannot normally afford.

But the individual and familial conflicts of

Janacek's operas are dramatically more complex and more subtle than their Italian counterparts — and consequently less tuneful. They are closer to the legitimate theater, and are better served by a theatrical rather than an operatic setting and environment.

Leenhoff and his team have taken full advantage of this factor in giving "Jenufa" an appropriately claustrophobic setting, and focusing on every pertinent and telling detail in the positioning, movement, gesture and facial expression of an exemplary cast. It cannot have been an easy task in the telling of what is, essentially, a rather grubby little tale.

It is set in and around a mill owned by Steva, a dissolute character, by whom his cousin, Jenufa, is already pregnant. Her stepmother, or foster mother, the Kostelnicka (saxton), ignorant of the pregnancy, forbids their marriage until Steva has stayed on the wagon for a year. Another cousin, Laca, is in love with Jenufa, and in a fit of jealousy when she refuses him a kiss, slashes her cheek with his knife.

Jenufa, in due course, has her baby secretly. Steva, ignorant of all this, becomes engaged to the mayor's daughter. The Kostelnicka, anxious to salvage Jenufa's honor and future, gives her a potent sleeping pill, removes the child and drowns it under the ice of the millstream, telling Jenufa subsequently that it had died while she was asleep. All is set for the wedding of Jenufa and Laca when the baby's body is discovered and identified as Jenufa's. The Kostelnicka owns up, and is led off to face prosecution. Jenufa and Laca face the future together.

Well, "Cavalleria rusticana" and "Pagliacci," too, are grubby little tales, redeemed by memorable melodies and the opportunities they offer for exuberant vocalism. Janacek is less generous with set pieces, but a master in what he can do with an orchestra in support of singing actors and the vividly characteristic parlando, declamatory and sometimes arioso music he gives them to sing.

Which brings us to Anja Silja, making a Glyndebourne debut as the Kostelnicka. Jenufa is, of course, the title role, and it is admirably acted and sung by the American Roberta Alex-

ander, also making a Glyndebourne debut. But the Kostelnicka is the latter part, and, as is likely to happen with "Jenufa," this is her show.

Silja has been before the public, now, for 40 years, having first appeared in concert in Berlin at the age of 10, and has sung a repertoire as widely diversified as that of the legendary Lilli Lehmann (1848-1929) ranging from the Queen of the Night and Zerbinetta to the three Hummels, Isolde, Marie ("Wozzeck") and Lulu. It has taken its vocal toll, but she has always been more actress than vocalist, and in this role occasional stridency, unsteadiness and lapses of intonation are easily condoned, sometimes even welcomed.

The men are excellent: Philip Langridge as Laca, Mark Baker (another American) as the mayor, and Gordon Sandison as the Kostelnicka. It's all a bit loud for Glyndebourne, and the production seems at times a bit overwrought, but in the absence of tunes, tension is no bad thing.

One question only why Jenufa's cheek, in acts II and III, reveals no trace of a scar from Laca's knifing, and more importantly, why the scurries, or superstities, as Glyndebourne prefers to call them, bad for last year's "Katya Kabanova," are even worse. On opening night they were simply illegible.

The season continues through Aug. 23. "Jenufa" remains in repertoire through June 25. Gluck's "Orfeo ed Euridice" followed "Jenufa" and is in repertoire through June 29. A revival of Britten's "A Midsummer Night's Dream" is added on June 9, continuing through July 23. A new Peter Hall production of "Le nozze di Figaro" with Simon Rattle conducting the Orchestra of the Age of Enlightenment has a premiere on July 2 and continues through Aug. 14. A revival of "Arabella" runs from July 16 through Aug. 22, and a revival of "The Rake's Progress" will be heard July 30 through Aug. 23. The season is sold out.

Henry Pleasants is a London-based author and critic who specializes in music and opera.

Turning Phrases By Jeanne Wilson

ACROSS													ACROSS													ACROSS																																																																						
1 Fiery felony	53 "— the late	98 Carry out	104 Jewel thief's	101 Vend	102 Symbol of	104 He dyes for a	105 Shipments to a	107 Dickens's	110 Bern's river	111 Pepper-pot	113 Capitol Hill	116 Building	117 Racket	118 Kovacs	119 Despise is one	120 Arabian	121 Sexuel in	122 Stormed	123 Facets	124 Apret-ski	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200

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Solution to Last Week's Puzzle

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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

His Boldest Experiment

Mikhail Gorbachev returned from a China still struggling at the foothills of Communist political reform to a Soviet Union bubbling in anticipation of tackling a major peak. The Congress of People's Deputies, the new national legislature, opened in Moscow on Thursday on live television. This is the body for which those eye-popping, partially multi-candidate elections were held last March. In one contest, Boris Yeltsin, gadfly not to conservatives but to reformist Mikhail Gorbachev, crushed his establishment opponent and became a figure among the 2,250 delegates. With fellow "radicals" elected mostly from the big cities, the Baltics and prestige organizations like the Academy of Sciences, he is struggling out against majority delegates who mostly owe their seats to the party machine.

The Congress is Mr. Gorbachev's baby. What he evidently had in mind was to create a structure endowed with enough popular legitimacy to let him undercut the party's conservative and bureaucratic resistance to reform, but not so much as to hobble his own personal authority. This occasional body will elect a new permanent legislature or Supreme Soviet.

On Thursday it chose Mr. Gorbachev as

executive president, with 95.6 percent of the vote. But that is only the beginning. Which powers will the Congress exercise, and which will it let pass to the Supreme Soviet? How will the Congress select members of the Supreme Soviet? Will factions (parties) be allowed? Will the Congress be able to rewrite laws or rules already on the books? To tackle the domestic agenda of the economic crisis, the relationship of the republics, the establishment of a state based on law? To oversee foreign policy?

There was an electric air — Mr. Gorbachev introduced as the first speaker Andrei Sakharov — and then a tone of sharp questioning: What about consumer goods? What about using the army against civilian demonstrators? Why shouldn't Mr. Gorbachev resign as party chief? What about Raisa?

Looking at the American Congress these days, one might briefly wonder whether the Soviets know what they are getting into by converting a rubber-stamp legislature into a better though still uncertainly endowed second branch of government. (The party is the first branch.) Of all Mr. Gorbachev's experiments in getting the Soviet Union moving, this is the boldest.

— THE WASHINGTON POST.

Europe Beyond the Elbe

The agenda of Europe is changing. The European Community's finance ministers have just decided to move on to the next stage of the planning for economic and monetary union in Western Europe. Next month's elections to the European Parliament will be a celebration of the fact that the western half of the continent has at last emerged from its slumbers. But now, to change in Western Europe, is added a potentially even bigger change in Eastern Europe; and the new events in the east require a reshaping of ideas in the west.

Six months ago, West Europeans were still trying to digest the discovery that their post-1992 single market not only looked like becoming reality but was already generating new ideas about fuller Western European union. That discovery has now been overtaken by the discovery of what is happening in the countries which lie between the Community and Russia. In two ways, the opening up of communist Europe changes things radically for non-communist Europe.

First, the East European countries closest to a breakthrough to pluralism — Hungary, Poland, Yugoslavia — are asking for the Community's assistance. They want money, of course, if possible; but chiefly they want the sort of practical links with the Community that would help them reinvent the lost skills of a competitive economy. They want to be told that the Community sees them as at least potential partners one day.

They are being told to wait until after 1992, because the Community is too busy now with its own affairs. That could be too late. The first shoots of pluralism, economic and political, are fragile. If change in the communist world really is a historic opportunity for the West, historic chances should not be told to come back and apply later.

Second, the freeing of large parts of Eastern Europe would change the balance of power inside the Community. The main western beneficiary of such a change is inevitably West Germany. It sits closest to the east; its powerful economy is best equipped to move into the east; more people in Eastern Europe speak German than any other western language. If what is happening in Poland, Hungary and Yugoslavia spreads into East Germany, the benefits might even include the long-denied hope of German reunification. A freer Eastern Europe means an even stronger Germany. Germany's partners have to work out what this means for them.

President Richard von Weizsäcker said on Wednesday that the Federal Republic's new hopes in the east posed no problem for its old friends in the west. That may be too optimistic. A wind of nationalism is blowing through West Germany these days, right, left and center. Even the mild Mr. von Weizsäcker felt obliged to say that West Germany was no longer a ball for others to play with. That is chip-on-the-shoulder language. It would be pleasant to believe that the eastward pull on West Germany had no implications for its westward links, but it is not true.

This does not mean that the attempt to pull Western Europe together should be abandoned. It does mean that the planners of the new Europe should absorb the momentous developments in its eastern half. The new institutions they are shaping for the European Community should close no doors on future East European recruits to the pluralist world. Those institutions should also be strong enough to cope with the tensions these events will cause within the Community. It is no longer possible to think as if Europe ended at the Elbe.

INTERNATIONAL HERALD TRIBUNE.

Read the Canal Treaties

He is still riding high, seemingly untouchable. Having voided an election won by his foe, General Manuel Antonio Noriega countenances thuggery and ignores worldwide outrage, knowing that his armed forces support him. Nor need he worry seriously about censure from the fact-finding mission of the Organization of American States. But there is a chink in his armor: the Panama Canal treaties, which his regime is accused of repeatedly and routinely violating.

Two treaties were ratified in 1977. The first provides for joint operation of the canal until the year 2000. The second guarantees the permanent neutrality of the canal and the U.S. right to defend it. As President Jimmy Carter argued at the time, the treaties are mutually beneficial while protecting U.S. security interests — an argument foolishly rejected at the time by many on the right, including Ronald Reagan.

That the treaty gives the United States policing rights was well recognized by Omar Torrijos, mentor and predecessor of General Noriega, who frankly acknowledged: "We are agreeing to a treaty of neutrality which places us under the protection of the Pentagon." Thus Article IX of the first treaty bars Panama from interfering in any circumstances with U.S. rights to protect the canal and those administering it.

The Defense Department asserts that General Noriega's Defense Force has violated this provision more than 1,200 times to the past 15 months by harassing U.S. military personnel and dependents. Last week Panamanian police arrested 15 employees of the company providing security for the U.S. Embassy, flouting Article III of the first treaty requiring Panama to provide police protection for the 8,000 workers and 25,000 U.S. residents involved in canal operations. And Article VIII stipulates that U.S. installations in Panama "shall be inviolable."

Respect for these provisions is Panama's half of a bargain that will give it control of the canal at century's end. Eighteen foreign ministers attended signing ceremonies on Sept. 7, 1977, a high point of the Carter years. How apt, therefore, that Jimmy Carter was a firsthand observer when General Noriega tried to rig and then voided the election.

How serious are the Pentagon charges? The question deserves careful examination by the OAS delegation, headed by Diego Cordovez of Ecuador. If violations are flagrant and ascertainable, the United States would have a prima facie case for seeking OAS support for enforcing the treaty.

How that could be done, with a minimum of force, is a matter deserving urgent discussion. It would certainly ease frustrations if General Noriega knew he had to worry about world law.

— THE NEW YORK TIMES.

Other Comment

Britain: Damaging Damages

Private Eye cultivates a luxuriant garden of critics and enemies, and among these there will be much satisfaction over the damages of £600,000 awarded against the magazine on Wednesday. We, like other newspapers debating this issue, must tread with caution amid our awareness of the deep unpopularity of the press at present. Yet it is right to point out that a real public interest is at stake here. With libel awards running at these levels, all newspapers are heavily constrained from exposing wrongdoers — especially financial wrongdoers —

when an error of judgment may cost prohibitive sums. Newspapers and television companies are now severely restricted in one of their most important services to the public. Many things done by the press — especially some of the tabloid press — can be justified by no public interest. Yet it is investigations of wrongdoing that are now most threatened by the whimsical and, yes, reckless attitude of libel judges. Judges are thought the appropriate authority to set damages for death and physical injury. We should be happy to accept their view of the proper price for damage to reputation.

— The Daily Telegraph (London).

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OPINION

NATO: What Comes After America's 'Wise Men'?

By David S. Broder

LONDON — The best story of the birth of the North Atlantic Treaty Organization that I know is the one Walter Isaacson and Evan Thomas tell in their splendid book "The Wise Men." It was the end of 1947, the Marshall Plan had begun the economic rescue of Europe, but nothing much was being done to form a military alliance strong enough to resist Soviet aggression.

On New Year's Eve, as the story goes, John Hickerson, head of the State Department's Office of European Affairs, "a Texan and a staunch Cold Warrior, stumbled into the department, drunk on Fish House Punch from the Metropolitan Club, and declared to his deputy, Theodore Achilles: 'I don't care whether entangling alliances have been considered worse than original sin since George Washington's time. We've got to negotiate a military alliance with Western Europe in peacetime, and we've got to do it quickly.'"

That does not sound like the phrasing an inebriated Texan would use, even if he were a trained diplomat. But it is a fact that Mr. Hickerson prodded his superiors, Secretary of State George Marshall and Undersecretary Robert Lovett, into action on the military side of the trans-Atlantic relationship.

Soon there were secret meetings — com-

promised, Mr. Isaacson and Mr. Thomas note, by the presence to the British delegation of the Soviet spy Donald Maclean.

In time, Senator Arthur Vandenberg, a Republican from Michigan, was persuaded by emissaries of President Harry Truman and the flattery of such eminent journalists as Walter Lippmann and James Reston to give the necessary bipartisan blessing to the new arrangement. By the spring of 1949 the formalities of creating NATO were completed.

The leaders of the United States, Canada and the West European countries gathered now in Brussels to celebrate NATO's 40th anniversary. Their meeting is overshadowed by troubling questions of how the alliance should respond to the tactics of Mikhail Gorbachev.

There is talk of serious division, of a loss of the perceived threat that bound the allies together. Nonetheless the occasion truly is one for celebration. For the NATO alliance, that figure of Mr. Hickerson's liquor-inflamed imagination, has proved to be one of the great peacekeeping inventions of history.

For two generations it has stabilized Europe and contained Soviet expansionism. It has per-

mitted a great burst of economic prosperity west of the Iron Curtain and kept alive the hope of greater freedom east of the Elbe. It has done that at great expense, but with no loss of lives, save for occasional training accidents. While some have fretted about living "under the Bomb," nuclear deterrence and NATO have spared millions of middle-aged and young people from experiencing the mayhem that war unleashed on their parents and grandparents.

The question is whether the successors can come up with anything nearly so effective to keep the peace for another 40 years.

President George Bush and Secretary of State James Baker are the living embodiment of the American establishment which shaped and built postwar foreign policy. Prescott Bush, the president's father, was a senior officer of W. A. Harriman & Co., Averell Harriman's investment bank. The elder Bush's friendship with Mr. Lovett, a fellow member of Yale's Skull and Bones and an officer of Brown Brothers investors, facilitated the merger of the two firms into Brown Brothers Harriman. Later, Mr. Harriman and Mr. Lovett became partners with the other Yale, Princeton and Harvard Law School alumni — Dean Acheson, John J. McCloy, George Kennan and Charles Bohlen — who developed the guidelines of

America's successful postwar foreign policy. These were not just pals. They were men of inventive political genius, arguably the wisest and most creative collective leadership America has had at its disposal since the Constitutional Convention and Washington's first cabinet. Looking back, we are tempted to say that such policies as the Marshall Plan and NATO were obvious and inevitable, but in their time they were radical innovations.

As Mr. Lovett said back then, always before the United States had "sought peace through weakness." After many heartbreaks, it had "reversed its policy and was seeking to deter aggression by proof of determination."

The issue now is whether the new American establishment, led by Yale's George Bush and Princeton's Jim Baker, can summon the wisdom and the courage to find policies and create institutions to meet the altered challenge of a prospering but restless Europe and of a Soviet Union with a dramatically different leader.

The problems are less frightening than 40 years ago. That does not guarantee that the answers will be more easily forthcoming. Someone should check to see that the White House and State Department are well-supplied with Metropolitan Club Fish House Punch.

The Washington Post.

When the Questions Evolve, Conventional Answers Won't Do

By William Pfaff

PARIS — President George Bush attends the 40th anniversary NATO summit with elements, but only elements, of a rethought American foreign policy in his headcase. The vast policy re-orientation that his administration has conducted since January seems to have been largely a waste of time, producing, as such exercises do, recapitulations of conventional views, expressed in conventional-speak. Still, two important recent shifts might change the direction and pace, suggesting that individual intelligence is being substituted for committee work.

First is movement on the Middle East, presaged by the Reagan administration's decision to open talks with the Palestine Liberation Organization. Secretary of State James Baker's measured speech last Monday to the American-Israeli Public Affairs Committee expressed a welcome firmness in distinguishing American from Israeli interests — as the current Israeli government defines its interests — and in reiterating and defending the

American conception of what a Middle East peace settlement requires.

Despite Prime Minister Yitzhak Shamir's rejection of Mr. Baker's comments, they have had serious effect. Mr. Shamir is an intelligent and complex leader in an extremely difficult domestic political situation. Mr. Baker's "useless" comments (Mr. Shamir's words) may prove anything but useless to him in dealing with his domestic problem. The very reiteration of that epithet by Mr. Shamir was, psychologically speaking, of interest. The Middle East deadlock has been shifted a whit, thanks to this sober statement of what the U.S. government wants to see happen, and by its adoption of public as well as private diplomacy to get what it wants.

Equally welcome is Mr. Bush's new tone in reacting to Soviet arms reduction proposals, evident in his speech on Wednesday to the Coast Guard Academy. He apparently rejected the draft speech that had been

prepared for him and in the text actually delivered responded warmly to the Soviet Union's latest proposal on conventional arms reductions.

It was a marked departure from the grudgingly defensive foreign policy speeches he has given in recent weeks. Meant to redefine U.S. foreign policy, they actually displayed a disturbing poverty of thought.

Wednesday's speech to Congress was no doubt Mr. Bush's reaction to the battering that his administration has been taking in the press for its negativity and passivity, faced with Mikhail Gorbachev's initiatives — leading up to the White House's foolish characterization of Mr. Gorbachev as "a drugstore cowboy."

This attitude toward Moscow has seemed motivated more by political timidity, though, than by calculation. Mr. Bush's people did not want to go wrong, or to run domestic political risk, hence they practiced what they thought was prudence, demanding

further tests of Soviet seriousness and still more Soviet concessions. This merely made them seem unresponsive. They sought the safety of inaction, which actually proved costly.

They function in a Washington where most of the political class remains confused, even disoriented, by the changes that have come in the Soviet Union and in the rest of the Marxist world and are now coming in all of Europe. Forty years of Cold War provided a framework and the parameters of America's modern foreign policy, and as these change the country's political class is rather lost.

Sensors and congressmen, as well as the administration, are assailed by ideologues of press and think tank, too often with investments in the closed mind. The executive branch of government is full of people with professional commitments to existing policy and existing solutions, hence to immobility.

Washington is not a particularly intellectual place, and relatively few people there (or anywhere else) think

seriously and professionally about where U.S. foreign policy ought ultimately to take the country. Henry Kissinger became a celebrity in the 1970s because he did think and talk about that while he was in power.

Neither President Bush nor Secretary Baker would pretend to be intellectuals or heavy geopolitical thinkers, but they seem to be listening to something other than the conventional judgments and the conventional wisdom, and this is reassuring.

The risk which the United States has courted in recent years has been that of irrelevance. One reason the West Germans launched into an independent course on short-range nuclear missile negotiations was that they could not get an intelligent response from Washington to their real political problems. Washington simply has not seemed a serious place, and it is overdue that this change. Mikhail Gorbachev is serious — all too serious.

International Herald Tribune.
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Make a Community Along the Jordan

By Abba Eban

The writer was foreign minister of Israel from 1966 to 1974.

JERUSALEM — The best moments in Israel's career, from the historic breakthrough in the late 1940s to the peace treaty with Egypt, were achieved when Israeli and world statesmen were leading their minds to larger visions and more substantive issues. Today the fashionable trend is for small steps with a purely procedural connotation. We shall probably find that nations, invited to take short steps, have an irritating habit of wanting to know the general direction in which the steps are to be taken.

I was the first to expound the "Ben-Zur" idea: Combine national independence with a large measure of integration and mutual openness, as Belgium, the Netherlands and Luxembourg did in 1948 when they established the Benelux Economic Union.

In European forums in the late '60s and early '70s I discussed the European Community experience as a structural model for solving the Israeli-Jordanian-Palestinian equation. As long ago as the Geneva Peace Conference on the Middle East in 1973, I said: "The ultimate guarantee of peace lies in the creation of common regional interests in such degree of intensity, such multiplicity of integration, such entanglement of reciprocal advantage as to put the possibility of war beyond national consciousness."

Since 1947, Europe's attempt to reconcile individual independence with integration in many fields has made

impressive headway. This principle now joins 12 nations for the only successful attempt in the modern age to moderate sovereignty without abolishing it. The trend has been inexorably toward widening and deepening the sectors to which community interest prevails against national separatism.

From 1967 until the Rabat summit conference of Arab leaders in 1964, it seemed possible that Jordan and the West Bank might form a single state along the lines of the previous Hashemite kingdom, which existed between 1950 and 1967. But for Jordan's decision to make war against Israel in 1967, this would probably have become permanent. Arab tragedies are usually self-inflicted.

The case for open boundaries and for common regional interests arises from the special character of the land. It would be incompatible with history, geography and human experience for the West Bank and Gaza to be cut off from a political relationship with Jordan, and an economic and human relationship with Israel. These three entities can never be as separate from each other as are the traditional hermetic boundaries between sovereign states.

Even when war rages and revolt flares up, thousands of people move across open bridges and border posts between Jordan and the Arab-populated West Bank — and between the West Bank and the sovereign territory of Israel. How incongruous it would be if this human traffic were to flow in times of war, only to be stifled by the establishment of peace.



'It is time,' said Secretary Baker, 'for Israel to reach out to Palestinians.'

The Arabs, Too, Have Demands to Meet

By A. M. Rosenthal

NEW YORK — Considerable good or great evil can come out of the speech on the Middle East delivered by Secretary of State James Baker last Monday. To a large extent the choice will rest with him and the president he serves.

Already the Israel-haters are slaving at the thought that the speech means that America is getting ready to dump Israel, or cut her off from economic and military support, unless she follows Washington's instructions.

There is no evidence that that was Mr. Baker's intention. But that is the impression being spread. It is the responsibility of Mr. Baker and President George Bush to step on that impression hard and fast if it is untrue.

Mr. Baker chose an audience of American supporters of Israel to spell out what the United States wants from Arabs and Israelis, a lot from both.

From Israel, he asked an end to the expectation of absorbing Gaza and the West Bank and a halt to settlement in those territories. He asked the Israelis to reopen West Bank schools. He asked them to reach out to Palestinians as neighbors who deserve political rights.

To the Palestinians, he said that the United States would not support a Palestinian state and asked them to stop plotting to take over all Israel step by step. He asked them to rescind the covenant calling for the extinction of Israel. He asked them to accept as a real opening the elections proposed by Prime Minister Yitzhak Shamir.

To the Palestinians not to expect — as they do — the United States to "deliver" Israel to them.

From the Arab world in general, he

asked an end to the economic boycott of Israel and repudiation of the Holy War line that Zionism is racism. He asked them for concrete accommodation with Israel, which they have historically refused to recognize as a rightful part of the Middle East.

None of those positions were entirely new, but Mr. Baker, speaking for the administration, was trying to get the attention of Israelis and Arabs. He did. The speech was widely reported as cool, evenhanded and neutral-to-tough about Israel. For many Israelis and American Jews, that idea was a shock. And why not? If you live in a nasty neighborhood and have to fight for your life every day for 40 years, it certainly would be shocking if your best friend and supporter suddenly decided he was taking off, so long.

But I read the full speech. Three times and do not get the feeling that that was the message. Yes, Mr. Baker was saying that the Bush administration is not wildly happy with the Israelis. But he had warm things to say about the American-Israeli alliance and clear, basic criticism of the Arabs, parts of his speech that have not received much attention.

All right, the man is not a sentimental schmaltz berr, but neither is he an ice cube.

Any change in American policy will worry Israelis. They have much to worry about. No Arab nation is threatened by the existence of Israel, but a whole world of Muslim nations years to destroy the single Jewish

state. At least three — Syria, Iraq, Libya — have missiles trained on her.

Many Israelis would give most of the West Bank to non-statehood Palestinian self-government for real peace — not a rehearsed mumble by Yasser Arafat. But virtually all Israelis insist that the border be redrawn so Israel could keep essential security points.

Mr. Baker was unclear about that. But I am told, as we say, that his speech did not mean that it had to be every mile of the West Bank — leave that to negotiations.

Unhappily, he did not point out that the tragedy in the Middle East has been caused by 40 years of rejection of the existence of Israel by the whole Arab world. That is not only a historical reality but the basis of Israeli fears, struggles and determination.

Mr. Baker and Mr. Bush do not expect Syria to embrace Israel, nor Iraq, Iran or Libya to send cakes and honey. Therefore a fundamental element of the Baker approach — that Israel should give up the West Bank as part of an understanding that the Arab states accept her in the Middle East club — is still more of a wishful concept than a specific proposal.

But, having taken its stand, the United States must indeed demand specific actions from the Arabs in exchange for land — not just a few phrases of intent. Otherwise, Mr. Baker's speech will become not the tool for peace but the seed for more war, with which Israel's enemies will try to destroy her. You don't have to be sentimental about Israel to see that — but it does help.

The New York Times.

The peoples of this area need separation for the purpose of defining identity and cultural identity, but they need mutual accessibility and integrative habits for all other constructive ends.

There is good reason for opposing the idea of a Palestine state totally cut off from Israel and Jordan, but most objections would be alleviated if there were an integrative atmosphere in a peace accord involving Israel, Jordan and some densely populated Arab areas of the West Bank and Gaza, supplemented by an agreement on the demilitarization of the West Bank and Gaza that could be monitored by a vigilant Israel and Jordan.

In advocating a confederation between Israel, Jordan and a Palestine state, the Tel Aviv Center for Strategic Studies, representing mainstream military thinking in Israel, wrote: "In this way, even a malevolent Palestine, were it to emerge, would be deterred by an alliance of the stronger countries that completely surround it: Israel and Jordan and, adjacent to Gaza, Egypt."

Free movement across the western

part of the community area would prevent Israelis from being cut off from areas revered in the national history. It would also diminish the anomaly of lack of contiguity between the West Bank and Gaza. The area, although partitioned politically, would be intact as a social and human reality.

Is this too utopian or visionary to be considered in an area now plunged in a sordid alternation of revolt and repression? The Palestinian leaders will have to advance much further on the road toward credibility in Israel before this vision comes into sight. There will also have to be a substantial modification of Israeli attitudes, although the basic idea of "territory for peace" already has massive support.

Probably because the gaps are so wide and the dangers so acute, there is need for new thinking. When Jean Monnet first projected his idea for a European community of nations whose wars had plunged mankind in torrents of blood and anguish, there were many who doubted the realism of his idea.

A sense of impending peril often drives human beings and nations toward innovation. In the last resort, nations can find security only by doing what mutual interests demand.

Los Angeles Times.

100, 75 AND 50 YEARS AGO

1889: Kaiser and King

BERLIN — The city has simply gone mad. Mad with joy. The Berliners realize how necessary is the Italian alliance to the maintenance of Germany's position. Whenever that alliance shows the slightest signs of weakening, a fresh wave of enthusiasm for "I Fratelli Italiani" floods their hearts, and there the alliance is, firmer than ever. Besides the gratitude which is "a lively sense of benefits to come," the Berliners have really a fondness for the chivalrous soldier who inherited the crown of Italy from a warlike father. No monarch over received such a tribute in the capital of a friendly Power as King Humbert has gathered here. Both Kaiser and King are devoted to things military. No wonder then that the festivities have had a distinctly military character, that two reviews, a sham fight, a re-drama of the Franco-Prussian war, the military character of the Royal meeting constantly before the Royal

1914: 'Traitor' Sought

ADEN — Arrivals from Massowah state that the Abyssinian officer commanding the border guard betrayed the position to the Italian Navy, while the Italian Navy was in the area, thus enabling the Italians to occupy more Abyssinian territory. The Abyssinians demand that the traitor, who is now protected by the Italians, shall be handed over to them, and insist on the evacuation of the territory occupied.

1939: French Concession

PARIS — After long resistance to Turkey's claim to the Sanjak of Alexandretta, the French Cabinet has finally decided in principle to cede the territory as a basis for the conclusion of a Franco-Turkish pact similar to the Anglo-Turkish accord concluded recently in connection with the anti-aggression front. At the same time, the Cabinet approved the draft of the Anglo-Franco-Soviet pact signed upon last week and now being considered by the Moscow government.

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As Pakistan International celebrates its 35th year of operations, Air Marshal M.A. Daudpota, its chairman, looks back over some of the highlights of the airline's history and takes a glimpse into the future.

Pakistan International, which started in 1954, straightaway set its sights on excellence — no easy task for a developing country's carrier. Such airlines differ markedly from their counterparts in the industrialized nations in that they have to develop a special sensitivity to their culture and society.

Having entered the take-off stage some years ago, Pakistan and PIA are now poised to break out of the crippling confines of underdevelopment. According to all economic indicators, the airline and country are on the verge of a quantum leap forward. And when that happens, PIA will achieve growth figures that are likely to outdate its own sober projections for the year 2000.

A highly mobile population in the new economic era could, for instance, warrant a Boeing 747 shuttle between Karachi and Lahore every hour, or even every 30 minutes, instead of the projected seven or eight daily flights listed in PIA charts for the new century.

PIA Engineering, which started out in 1954 as a shoestring operation, is today a major aviation maintenance infrastructure incorporating the latest equipment and instrumentation. These facilities are regularly inspected and approved by international agencies. Maintenance and overhaul for PIA as well as other airlines is undertaken in PIA's Ispahani wide-body hangar.

Back in 1964, the airline was the first organization in Pakistan to acquire a mainframe computer. PIA's data-processing center now pro-

vides a full range of services to the airline, besides operating a comprehensive training program in using computers. It also assists Afro-Asian carriers — such as Zambia Airways — to set up their own computer programs. PIA's own passen-



Air Marshal M.A. Daudpota.

ger reservations, departure control, cargo operations, commercial and financial information centers and even the handling of telex messages are fully computerized.

Since an organization's success is normally judged by its balance sheet, PIA, with its record of profitability, can claim to be a front-runner. Except for 1971-72, when the separation of East Pakistan forced PIA into the red, the airline has never looked back. In 1959-60,

See Carrier Page 10



PAKISTAN INTERNATIONAL has just completed two and a half decades of its pioneering service to China. It is a moment of pleasure, an occasion to rejoice and a cause to celebrate. I congratulate PIA and all those in the national airline who made that pioneering service possible and all those who have since ably kept it airborne.

As PIA's Boeing airliner took on that epoch-making flight in 1964, it left in its trail a new blaze in international relations. It opened for the non-communist world the first window on China, simultaneously opening a bright new chapter in the already very special Pakistan-China friendship.

On this auspicious occasion I take the opportunity to wish the national airlines of our two countries every success and I look forward to a still more active and meaningful role by PIA in the country's march toward progress and development in a democratic order.

Happy landings.

Benazir Bhutto,
Prime Minister, Pakistan



IN THE years to come, when PIA's vastly expanded route girdles the globe many times around, its history-making China flight will always be remembered. One of our planet's oldest and greatest civilizations, China is now emerging as a major force in world affairs.

By first establishing and then keeping open this vital line of communication during a difficult period, PIA set a new record of imagination and ingenuity. I am sure the national carrier will continue to strive in the same spirit in order to meet the aspirations of a hundred million Pakistanis.

Maj. Gen. (Retd.) Imtiaz Ali,
Advisor to Defense Minister

ON THE occasion of the 25th anniversary of PIA's operation to China, on behalf of CAAC and myself, I would like to express my warmest congratulations.

I am confident that the good relations and cooperation between CAAC and PIA will continue to strengthen and develop.

I hope PIA grows more and more prosperous, day by day.

Hu Yi Zhou,
Director General, CAAC



IT GIVES me immense pleasure to learn that PIA is celebrating its Silver Jubilee to mark the completion of 25 years of its successful operation to our friendly country, China.

On this occasion I offer my hearty congratulations to the PIA management for providing excellent and reliable service on this route, which has no doubt made history by providing China's only link with the non-communist world. It is also a matter of satisfaction that as a public corporation of a developing country which is experiencing democracy after a long break, the airline is striving hard to live up to its national responsibilities in building up its image within the country and outside.

I hope it will continue to work with the same determination and dynamism to achieve ever new peaks of performance and progress and establish new landmarks of efficiency and service.

Ghulam Sarwar Cheema,
Minister of State, Pakistan

AN AVIATION FIRST.



Pioneering.Historic.Memorable.

It was April 29, 1964 when a PIA aircraft landed at Shanghai Airport amidst jubilation and celebrations. It was a memorable moment that made aviation history because we were the first airline to operate scheduled services to China. And bridge the gap between China and the free world.

In 1970, we created another historic moment when we arranged a special flight for Dr. Henry Kissinger to fly to China on a secret mission which led to a rapprochement between the People's Republic of China and the USA.

It's all part of a strong commitment that we live by at PIA: to go beyond just operating services. To build bridges of friendship and goodwill between the nations we fly to.

Today, the bonds of friendship are stronger than ever. We take you to Beijing twice a week from Pakistan in wide-bodied B 747 comfort. With gentle, gracious hospitality.

PIA
Pakistan International
Great people to fly with

The Man Who Built the First Air Bridge to China

At a dinner party one evening in 1963, Pakistan's foreign minister, Z.A. Bhutto, happened to mention that his government was keen to move closer to China. Turning to the PIA Managing Director, Nur Khan (then still an Air Commodore), Mr. Bhutto asked what the chances were for starting a flight to China. "I liked that," recalled Air Marshal Nur Khan quietly, some 25 years later.

Faced with strong United States disapproval of the proposed flight, however, many Pakistani leaders, generals and senior officials got cold feet. There were physical hurdles as well, since aviation in China had low priority at that time and there was no infrastructure for handling jet flights.

"In view of the primitive conditions, all that the Chinese had in mind was a short hop from Dhaka to Kunming, in western China," said Marshal Nur Khan. So firmly shut was China's door that even this small sector would have served as a pioneering air bridge between China and the non-communist world. But Marshal Nur Khan had other

Much of the credit for the building of the first air bridge into Communist China is due to the personal efforts of Air Marshal Nur Khan, managing director at the time who ran PIA for 11 years. Retired now, he spoke about the historic event in his office at the Hockey Club of Pakistan.

ideas. "I tried to explain that we were in the jet age. Service to Shanghai and Peking was what I had in mind. I told them that it was in the interest of both countries that China should be opened up by a first class service."

The same evening the PIA managing director was informed that Zhou Enlai, a leader held in awe throughout the world, wanted to meet him. Not only did Mr. Zhou agree with Marshal Nur Khan that China needed a full-fledged jet service, but he said he would personally ensure that Canton and Shanghai would handle it.

Back home, Marshal Nur Khan did not allow any let-up in the campaign he had mounted. "Otherwise

the element of surprise would be lost," he explained. The Marshal first went to the Foreign Office and met Mr. Dehlavi, the foreign secretary, who asked him to brief the foreign minister. "Mr. Bhutto was in Peshawar, so I telephoned him immediately and told him what we had achieved. I explained it was crucial that Pakistan reciprocate Zhou Enlai's feelings for us, and announce the agreement as soon as possible," he said.

"On learning the good news, the foreign minister was pleased, but said the president's approval would first have to be obtained and that I would have to go and see him myself," Marshal Nur Khan recalled. "His immediate response was that

there was likely to be a strong hostile reaction from the American government."

"China had selected us," I explained, "and if we didn't do it the Europeans would be only too happy to step in," said Marshal Nur Khan. "I immediately flew to Rawalpindi to meet the finance ministers. It took considerable time to convince them as they felt the United States would retaliate by stopping aid, which of course the United States did," he said. Having crossed the last hurdle, Marshal Nur Khan announced the start of the China flight. Marshal Nur Khan, accompanied by the late Captain Abdullah Baig, soon piloted the first aircraft to overfly the northern mountain range to Peking (Beijing). "We had to resist American pressure at every stop," the Air Marshal remembers. "To proclaim our independence we bought Trident aircraft from Britain. Our gesture showed that we could not be bullied." Ironically, said Marshal Nur Khan, "the people who benefited most from our China flight were the Americans," as PIA's flight provid-



Air Marshal Nur Khan with then Chinese Prime Minister the late Zhou Enlai.

ed the vital airlink between Washington and Beijing when the two countries' relations eventually thawed. Mr. Zhou, with whom the Air Marshal had established a close personal relationship, "was impressed by our standing up to a big power and keeping our side of the bargain," Marshal Nur Khan said.

How did Marshal Nur Khan succeed against such overwhelming odds in launching PIA's China flight? Perhaps the answer can be found in a belief he expressed: "You have to want to be the best. Then everything falls into place."

Mumtaz A. Khan

National Carrier

Continued from Page 9

an operating income of 8.5 million rupees (around \$170 million) was greeted with jubilation by the youthful carrier; PIA's budgeted operating income this year is 1.554 billion rupees.

PIA has always been among the first airlines to acquire the latest aircraft. The company's original Dakotas, Super-Constellations and Convairs were, within 6 years, followed by its first jet, the Boeing 707-320.

The carrier's fleet has expanded from 15 aircraft in May 1955 to the present 40. Its sizable fleet of eight Boeing 747s, eight Airbus, five Boeing 707s, six Boeing 737s, 11 Fokker F27s and two De Havilland (Canada) Twin Otters is recording such high load factors that the need for new planes is acute. The airline is considering acquiring long-range twin-jet Airbus 310 and Boeing 767-300ER aircraft.

If PIA is to retain its competitive edge during the next

five years, it must add six wide-bodied aircraft. This breaks down to two 747s, two Airbus 300s and two new twin jets. Four turboprops are also urgently required, and another seven wide-bodied aircraft and two turboprops will be needed in the near future.

The airline's route network today consists of 73 destinations. Instead of focusing largely on its international operations to the neglect of domestic services, PIA attaches equal importance to both.

While airlines worldwide are tending to reduce domestic food service, particularly on short-haul flights, PIA continues to provide hot-meal service to its domestic passengers. It also operates Boeing 747s, a luxury aircraft used by other carriers mainly on international flights, on domestic routes. PIA's domestic network, which includes 32 cities and small towns, is growing at an annual rate of 9 percent. This is about twice the 4.4 percent rate of its international sectors.

In developing its services within the country, special attention is given to linking remote places with the national mainstream.

In 1989 the airline is targeted to carry five million passengers, not bad for a carrier which in 1955-56 flew only 112,000 passengers. By the start of the 21st century, PIA expects 11 million passengers. The present growth rate of 13.6 percent per year is expected to level out at 7.4 percent. The picture for cargo, excess baggage and mail is even rosier, with tonnage projected to double to 200,000 by 1999.

During the July-December 1988 period, the carrier's regularity rose to 83.2 percent. Of the 15.4 percent departures delayed, 10 percent were caused by bad weather, air traffic control, and government agencies' formalities. Only 5.4 percent are attributed to the airline.

As a conscientious Pakistani corporation, PIA has pioneered activities that no other airline has attempted. To ensure a supply of fresh eggs for its passengers' breakfasts, PIA introduced scientific poultry farming into Pakistan when it

established the PIA Shavers Poultry Farms in the early 1960s. The carrier's role in sports speaks for itself. From developing squash to sponsoring polo, along with active participation in all popular games like cricket and grass hockey — few organizations can match PIA's contribution.

PIA has never allowed its development to country-airline status or its relatively small size to stand in the way of scoring "firsts." This innovative airline has several historic firsts to its credit. It was the first airline in Asia to operate jet aircraft. Almost 25 years later, PIA was Asia's first carrier to induct the new Boeing 737-300. And the airline achieved another first when it inaugurated helicopter service.

In 1964, when it built the first airbridge between China and the non-communist world, PIA's China service generated great excitement worldwide as it helped to open up a giant land, then hidden behind the "bamboo curtain." PIA is celebrating the silver jubilee of that famous flight this year. The carrier was also the first to link Asia with Europe via Mos-

cow, was the first Asian airline to show in-flight movies on international routes, and was the first South Asian carrier to introduce auto-ticketing. While the years ahead promise a tougher, rougher, incredibly more complex aviation environment, PIA is confident of coping successfully.

Its major markets today are Britain and Europe, North America, the Gulf, Saudi Arabia, the Far East and India. Although it has in some cases reached the maximum permitted by bilateral agreements, the potential for future growth remains tremendous.

The airline is keenly awaiting Pakistan's return to the Commonwealth fold, as it hopes for a favorable response when negotiating traffic rights with Britain for increasing the number of flights to London, and permission to carry traffic between London and the United States. Britain is PIA's largest international destination as well as the fastest growing. The airline expects to almost double its passengers and services between Pakistan and Britain. It also hopes for U.S. approval for services to Chicago, Los

Angeles and San Francisco.

PIA needs to offer at least 50 to 75 percent more direct flights in these important international markets by the year 2000, or it will lose its competitive edge. On the domestic front, the demand for extra flights is leapfrogging. The airline will need to double and, sometimes, even triple frequencies on domestic routes. Karachi-Ouatta will require at least 15 weekly Airbus services, compared to the present five, and on the Islamabad-Skardu run, tourism growth will force the present eight 737 services to jump to 28.

The airline's encouraging growth and profitability is linked to its skilled and experienced work force. From the early days, when trained personnel were hard to find, to today's flood of applications for every vacancy, one thing remains unchanged: the initiative and ingenuity of its employees. They are the reason why PIA surveys the future with excitement.

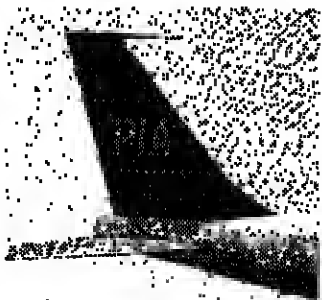
Air Marshal M.A. Dandopata, Chairman, PIA

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Supplier of full
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Telex: 4064219 cont d
Telefax: 0 61 22/5 14 61



25 years ago a young
airline called PIA helped change
the shape of the world.

The date was April 29, 1964. The place was Canton. And the event? Pakistan International Airlines had just flown a Boeing jetliner into the People's Republic of China.

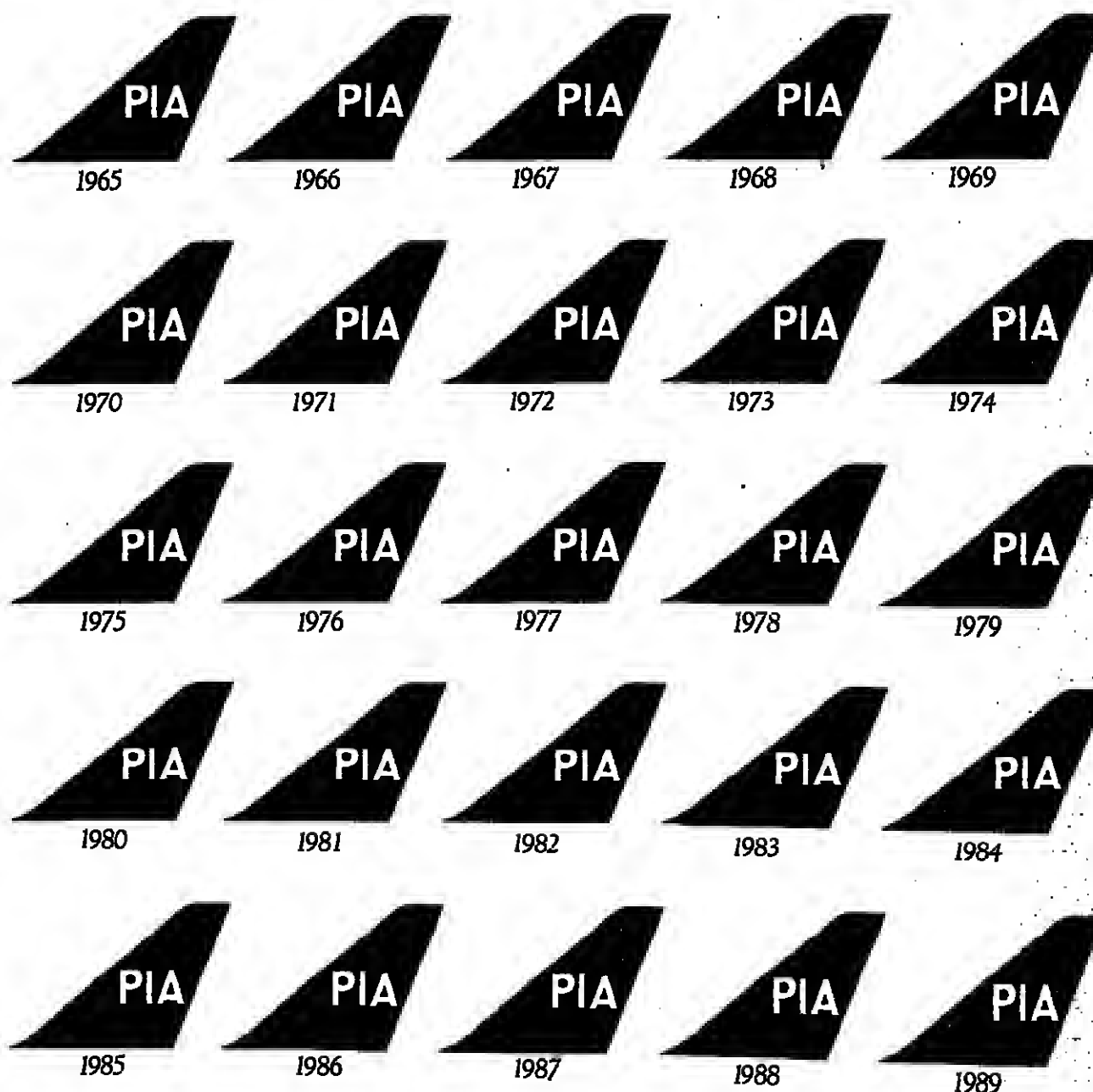
At a time when communication between China and the West was almost non-existent, this flight was

a major breakthrough. And for the following decade, the Pakistan-China route was the only airlink between the West and China.

Today, PIA flies a fleet of 19 Boeing jetliners. And it continues to fly between Pakistan and China with Boeing 747s.

Congratulations to PIA for its success in shaping air travel as we know it today. All of us at Boeing are proud to have played a part.

BOEING



Congratulations,
Pakistan International Airlines.
25 Years
Of Service To China.

UNITED TECHNOLOGIES
PRATT & WHITNEY

ADVERTISING SECTION

ADVERTISING SECTION

Friendship That Reaches Over Time and Himalayas

PIA has had its part to play in the saga of Pakistan's long and close alliance with China. Islamabad's ambassador to China, Mr. Akram Zaki, recalls the highlights of the four-decade entente, and pays credit to the airline's contribution.

During her successful China visit, Prime Minister Benazir Bhutto had separate meetings with six top-ranking Chinese leaders, including Chairman Deng Xiaoping, General Secretary Zhao Ziyang, President Yong Shangkun, Premier Li Peng, Li Xianjun, chairman of the National Committee of the CPPCC, and Deng Yingchao, the widow of the late Premier Zhou Enlai.

The meeting with Deng Yingchao had a special sentimental significance, because of the close friendship between Mr. Zhou and Zulfiqar Ali Bhutto, which had contributed to the strengthening of Sino-Pakistani relations during the 1960s and 1970s. Pakistan was among the first countries to recognize the People's Republic of China, on January 4, 1950, and to have established full diplomatic relations (May 21, 1951).

The first exchange of visits between the prime ministers of the two countries took place in October-December, 1956, and Sino-Pakistan friendship reached the take-off state with the signing of a trade agreement in 1963.

The Sino-Pakistan border agreement, signed on March 2, 1963, was a turning point. A boundary demarcation protocol, giving a practical shape to the border agreement, was concluded two years later and the Sino-Pakistan frontier thus became one of peace and friendship.

The Air Services Agreement, signed on August 29, 1963, was another significant event. PIA became the first international air carrier to link China with the outside world, from April 29, 1964. In this 25th anniversary year of that accord, PIA has concluded another agreement with its Chinese counterpart, under which it has acquired the right to issue its own tickets. Throughout this quarter century, PIA has played a significant role by providing travel opportunities to Chinese nationals going abroad and to foreigners coming to China, at a time when many hostile powers were trying to keep China isolated.

It was also PIA that brought Dr. Henry Kissinger, in July 1971,

across the beautiful Karakoram mountains on his first visit to China to prepare for the visit of U.S. President Richard Nixon in 1972, initiating the normalization of Sino-American relations. Since the mid-1960s, Sino-Pakistani friendship has been growing in scope and dimension, strengthening despite several political changes and shifts in regional and global alliances.

Both countries have opposed foreign military intervention into Afghanistan and Kampuchea; both favor the full implementation of the Geneva accords; both wish to ensure the establishment of peace and stability and see Afghanistan and Kampuchea become truly independent with broad-based governments supported by their people. China and Pakistan support each other, and China has been giving generous assistance for the upkeep of more than three million Afghan refugees in Pakistan.

In the field of defense, China and Pakistan cooperate closely, undertaking regular exchanges between their armed forces. Cooperation in this field is purely defensive, and not directed against any third country. China and Pakistan have also developed close economic cooperation since the mid-1960s. In the first 15 years, Chinese project and commodity assistance to Pakistan was less than US\$20 million. In the mid-1980s, China provided a substantial loan of US\$46 million for the Guddu power project.

China has granted substantial loans and supplier's credits to Pakistan over the last two years for three major projects: the Jamshoro power project, where three power generating units of 210 MW each are being set up at a cost of \$230 million; a power station that uses Lakra coal; and the 1988 Saindak copper development project in Baluchistan, where China will complete a \$180 million project. During this period, work was also started to implement an earlier agreement on a heavy electrical complex.

The question of expanding mutual trade and correcting the trade imbalance was discussed during



Pakistan's Ambassador to China Mr. Akram Zaki.

Benazir Bhutto's visit to China last February. Soon after, a high-level Chinese delegation visited Pakistan and important decisions were taken in this regard at the fifth session of the joint ministerial committee held at Islamabad in February 1989.

Cross-border trade in the 1987-88 period registered a more than seven-fold increase over the previous year, and with the completion of the road linking Kashgar and the Kunjerab Pass, this trade is expected to increase further. In recent years, Pakistan has made a contribution to the fund for the repair and reconstruction of a portion of the Great Wall of China.

During 1988, which was declared by China as the year for international tourism, Pakistan and China concluded a bilateral agreement to encourage mutual cooperation in the field of tourism. The Khunerab Pass, which links China and Pakistan by land, was opened in 1982 to the nationals of the two countries and in 1986 to third-country nationals as well. The friendship highway on the Chinese side, linking the majestic heights of the Khunerab with the historic city of Kashgar, was completed last September.

PIA recently secured the rights to operate direct flights between Islamabad and Urumqi, the capital of Xinjiang, Uygur Autonomous Region. The commencement of these flights will, undoubtedly, boost the tourist traffic on both sides and also lead to an increase in commercial and cultural exchanges. The prime minister's visit will help to ensure that the heritage of the two countries' time-tested friendship, in which PIA has played so great a part, is passed on to succeeding generations.

Akram Zaki,

Pakistan's Ambassador to China

The Flight That Made Airline History

Air Commodore Nur Khan informed his directors at PIA in 1962 that air service between Pakistan and China would begin, and in 1964 PIA became the first non-communist airline to establish a route across the "Bamboo Curtain."

The CAAC, which was not just the Chinese operating airline but also the country's civil aviation authority, had asked PIA to specify its needs; they promised to have communications, navigation and landing aids available by the target dates. They also undertook to make available runways suitable for commercial jet operations. China had determined to leap from the piston to the jet era in just 18 months.

In December 1963, work on the runways had barely begun at Shanghai and Canton, the two main airports PIA was to use. A PIA delegation — of which I was a member — visited China in February 1964. It seemed incredible that work could be completed by the deadline — then only three months away — but the Chinese were determined to succeed.

A PIA team left for Beijing (Peking) via Hong Kong and Canton, traveling the Hong Kong-Canton leg by rail, then flying from Canton to Beijing in a twin-engine Russian Ilushin. Landing at Beijing, our group emerged into a bitterly cold wind that sliced right through our clothing, but we were warmly welcomed by the Deputy Director General Mr. Wong and other officials. Mercifully, our hosts had brought us warm caps and heavy overcoats. We were to experience such thoughtfulness throughout our stay.

First on our agenda came the signing of a handling agreement between the two airlines. Eventually, the document was ready. It was an historic moment. For the first time in the history of the aviation industry, an agreement had been signed between CAAC and a non-communist airline.

PIA was ready to start flying once the CAAC had the runways completed. Finishing runways 10,000 feet long and 200 feet wide (3,000 by 60 meters) in just four months time was a task even a developed country with heavy earth-moving equipment would find Herculean. But the Chinese had something the West did not — unlimited manpower and the determination to meet targets set by their leaders.

At Canton, now known as Guangzhou, we saw 23,000 people working together. There was no modern earth-moving equipment,

just some steam rollers and cement mixers. I was told that each worker was his own supervisor. The workmanship was excellent.

Back in Karachi, we got down to the nitty-gritty of the operations. The route was London-Karachi-Dhaka-Canton-Shanghai, with Kunming and Nanking named as route alternatives. This route was unlike any other: PIA would be the pioneers, the first and only operators. As technical assistance provided by CAAC would be marginal, we

gave their clearance and the flight was on its way. In the air, with Captain Abdulla Baig, our top pilot, we made history: the first non-communist airline to go through the "Bamboo Curtain" into a Chinese airport since the revolution.

I was in the cockpit when Captain Baig first established contact with the Chinese controller. In faultless English the people of China sent us their greetings. Captain Baig reciprocated on behalf of the people of Pakistan. PIA had opened



Crew on PIA's first China flight being greeted in Shanghai, 1964.

had to carry a large flight pack of technical spares. According to the U.S. Battle Act, we could not position any spares in China and had to carry all those needed to keep the aircraft serviceable.

The CAAC had warned us that they were running into problems in the manufacture of instrument landing systems (ILS) equipment. Could we buy a system for them? Finding that the British Marconi system could be exported to China and also met CAAC specifications, we were about to place orders when we were informed that the problem had been overcome and we would have two ILSs at Canton. We could hardly believe this: six months ago there had not been one ILS in China, and now they had not only manufactured but had also installed two.

With no Boeing available for the trial flight, we readied a prop-powered Constellation with a hand-picked crew. Finally, the CAAC

the door to a nation of nine hundred million people.

We were just settling down to passenger-service operations when we were visited by officials from the CAAC, the Chinese Embassy and the Pakistan Foreign Office. The Chinese government wished us to operate a series of classified flights from London to Beijing. The cargo was gold. The operation was a success and we heaved a sigh of relief.

The depth of the Chinese's feelings for me is reflected in a letter that Shen-Tu, the Minister responsible for aviation in China, and Yi Zhou, his successor, wrote to me on my leaving PIA: "Deep friendship has been forged through friendly exchanges, in the past 20 years, between you and your counterparts in CAAC. The fine cooperation between CAAC and PIA are inseparable from your contribution. We believe such cooperation will continue to be strengthened."

Enver Jamali



We never forget whose promises we're keeping.

She's on her way. The promise of a happy trip pinned onto her dress. A favorite doll for company.

When she gets there, it'll be smiles and hugs and "How you've grown!" She'll show her shiny new wings and tell what it was like to see the world so small.

Sometime tonight, she'll call home. You'll know your promise was kept.

GE Aircraft Engines
Keeping the Promise

NYSE Most Actives					
Vol.	High	Low	Last	Chg.	
Texaco	54.90	54.70	54.80	+0.10	
IBM	121.00	120.50	120.75	+0.25	
AT&T	102.00	101.50	101.75	+0.25	
Amgen	102.00	101.50	101.75	+0.25	
Amgen	102.00	101.50	101.75	+0.25	
Amgen	102.00	101.50	101.75	+0.25	
Amgen	102.00	101.50	101.75	+0.25	
Amgen	102.00	101.50	101.75	+0.25	
Amgen	102.00	101.50	101.75	+0.25	
Amgen	102.00	101.50	101.75	+0.25	

Market Sales					
NYSE 4 a.m. volume	143,728,000				
NYSE 4 a.m. volume	143,728,000				
NYSE 4 a.m. volume	143,728,000				
NYSE 4 a.m. volume	143,728,000				
NYSE 4 a.m. volume	143,728,000				
NYSE 4 a.m. volume	143,728,000				

NYSE Index					
High	Low	Close	Chg.		
179.21	178.84	179.13	+0.29		
179.21	178.84	179.13	+0.29		
179.21	178.84	179.13	+0.29		
179.21	178.84	179.13	+0.29		
179.21	178.84	179.13	+0.29		

Dow Jones Averages					
Open	High	Low	Last	Chg.	
2479.84	2480.83	2479.06	2480.77	+1.93	
1154.92	1155.83	1154.13	1155.04	+0.92	
192.22	192.84	192.13	192.77	+0.55	
944.84	945.77	944.06	944.97	+0.91	

Standard & Poor's Index					
High	Low	Close	Chg.		
348.75	348.06	348.17	+0.11		
348.75	348.06	348.17	+0.11		
348.75	348.06	348.17	+0.11		
348.75	348.06	348.17	+0.11		
348.75	348.06	348.17	+0.11		

NASDAQ Index					
Close	Chg.	Week	Month	Year	
468.21	+1.26	+0.25	+0.25	+0.25	
468.21	+1.26	+0.25	+0.25	+0.25	
468.21	+1.26	+0.25	+0.25	+0.25	
468.21	+1.26	+0.25	+0.25	+0.25	
468.21	+1.26	+0.25	+0.25	+0.25	

AMEX Most Actives					
Vol.	High	Low	Last	Chg.	
2933	2933	2933	2933	0.00	
2933	2933	2933	2933	0.00	
2933	2933	2933	2933	0.00	
2933	2933	2933	2933	0.00	
2933	2933	2933	2933	0.00	

Dow Jones Bond Averages					
Close	Chg.	Unch.	Up	Down	
90.29	+0.01				
90.29	+0.01				
90.29	+0.01				
90.29	+0.01				
90.29	+0.01				

NYSE Diary					
Advanced	109	109	109	109	
Declined	414	414	414	414	
Unchanged	196	196	196	196	
New Highs	12	12	12	12	
New Lows	7	7	7	7	

Odd-Lot Trading in N.Y.					
Buy	Sell	*Bids			
2933	2933	2933			
2933	2933	2933			
2933	2933	2933			
2933	2933	2933			

AMEX Diary					
Advanced	109	109	109	109	
Declined	414	414	414	414	
Unchanged	196	196	196	196	
New Highs	12	12	12	12	
New Lows	7	7	7	7	

NASDAQ Diary					
Advanced	109	109	109	109	
Declined	414	414	414	414	
Unchanged	196	196	196	196	
New Highs	12	12	12	12	
New Lows	7	7	7	7	

AMEX Stock Index					
High	Low	Close	Chg.		
355.05	354.77	355.01	+0.24		
355.05	354.77	355.01	+0.24		
355.05	354.77	355.01	+0.24		
355.05	354.77	355.01	+0.24		
355.05	354.77	355.01	+0.24		

Dow Edges Up in Light Trading

NEW YORK — Stocks closed higher Friday in quiet trading on the New York Stock Exchange ahead of the Memorial Day weekend, propelled by optimism from the market's recent rally and stronger bond prices.

The Dow Jones industrial average, which slipped 1.28 points Thursday, edged up 11.18 to close at 2,480.77. For the week, the blue-chip index slipped 7.33 points.

Broader market indicators also advanced. The NYSE composite index rose 1.26 points to 179.13, and Standard & Poor's 500-stock index gained 2.42 to 321.59. The price of an average share jumped 25 cents.

Advances overwhelmed declines by about a 5-2 margin. Volume on the Big Board slowed to about 143 million shares ahead of the holiday, compared with about 154.5 million shares traded Thursday.

The Friday before the Memorial Day weekend is traditionally a strong day for the stock market, although last year the Dow lost 10.31 points during the pre-holiday trading session.

On the NYSE, Texaco was the most active issue, off 1/4 to 55 on activity related to the oil company's \$4-a-share special dividend. Texas Utilities followed, up 1/4 to 31.

Sea Containers was third, soaring 9 1/2 to 57 1/2 on news that a British-Swedish group has launched a \$30-a-share tender takeover bid for the marine company.

Among the blue chips, IBM was off 1/4 to 109 1/4, GM rose 1/4 to 40 1/4, Sears, trading ex-dividend, added 1/4 to 47 1/4, and Digital Equip-

High	Low	Stock	Div	Yld	PE	52 Wk High	52 Wk Low	PA	Chg
111.12	110.87	AA							+
110.87	110.62	AA							+
110.62	110.37	AA							+
110.37	110.12	AA							+
110.12	109.87	AA							+
109.87	109.62	AA							+

High	Low	Stock	Div	Yld	PE	52 Wk High	52 Wk Low	PA	Chg
111.12	110.87	AA							+
110.87	110.62	AA							+
110.62	110.37	AA							+
110.37	110.12	AA							+
110.12	109.87	AA							+
109.87	109.62	AA							+
109.62	109.37	AA							+
109.37	109.12	AA							+
109.12	108.87	AA							+
108.87	108.62	AA							+
108.62	108.37	AA							+
108.37	108.12	AA							+
108.12	107.87	AA							+
107.87	107.62	AA							+
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105.12	104.87	AA							+
104.87	104.62	AA							+
104.62	104.37	AA							+
104.37	104.12	AA							+
104.12	103.87	AA							+
103.87	103.62	AA							+
103.62	103.37	AA							+
103.37	103.12	AA							+
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ECONOMIC SCENE

**Airline Computer Setups:
Consumer Friend or Foe?**

By PETER PASSELL

New York Times Service

NEW YORK—The airline reservation systems used by travel agents are wonders of computer technology, capable of booking hundreds of thousands of seats each day and still remembering that you prefer the aisle to the window seat and the fruit plate to the mystery meat.

But according to many economic analysts, they are also a potent threat to the wide-open competition that has forced airlines to pass on the savings from deregulation to consumers.

The current bid by Delta Air Lines to merge reservations systems with American Airlines thus confronts Washington with the toughest of antitrust issues: how to get the best from technology without undermining competition.

American and United Airlines pioneered industry-wide computer-reservations systems in the early 1970s, investing heavily in software and subsidizing both training and hardware costs for travel agents. Deregulation subsequently turned this good (but risky) idea into an indispensable (and immensely profitable) one.

Without virtually instantaneous data on bookings, airlines could not fine-tune fares to demand, accommodating bargain-hungry travelers in seats that would otherwise have left the ground empty. Without long-line computer links, travel agents could not find the fastest and cheapest routes for clients.

And in the early 1980s, when the airline business was up for grabs, American and United were not shy about exploiting their advantage. Travel agents querying the systems for, say, the most efficient routing from Chicago to Dallas between 5 and 7 P.M. found the home team's listings almost always came first. When the computers were used to book flights on other airlines, competitors were charged stiff fees for the service.

Under pressure from both courts and regulators, American and United did eliminate blatant programming biases, as well as ending the fee discrimination.

RIVAL SYSTEMS, originally created as defensive measures by Eastern, Delta and TWA, have shared the market shares of the two leaders. And the once-clear sense of threat to competition posed by the computers has been further muddled by the diffusion of ownership.

USAir and four foreign carriers bought 50 percent of United's Apollo system, while Northwest bought half of TWA's Pars. Texas Air's purchase of Eastern in 1986 gave its Continental subsidiary equal access to SystemOne.

But that did not mollify analysts at the General Accounting Office, the investigative arm of Congress. They concluded in September that concentration in the reservations market by the big two systems was still stifling competition.

And it certainly has not assuaged the fears of the Consumer Federation of America and 22 state attorneys general, who see no justification for consolidation in an industry that in the past has openly abused its market power. Even if owners agree to stick to the rules, they say, nothing would prevent them from continuing to charge exorbitant fees to other airlines.

Under the terms of the agreement between Delta and American, the remaining "have-not" carriers would be given the chance to buy up to half of the new system — albeit at very high prices.

In any case, neither the maintenance of five separate systems, as consumer groups would prefer, nor further tinkering with ownership shares, as American proposes, would be likely to eliminate the most anti-competitive aspects of this market.

One approach that might, suggested back in 1983 by Senator Nancy Kassebaum of Kansas, would be to force airlines to spin off their reservations systems as independent corporations.

Airline analysts call the computerized reservations systems a threat to competition.

For Penske, Some Off-Track Victories

Ex-Auto Racer Scoring With Business Skills

By Doron P. Levin

New York Times Service

DETROIT — Roger S. Penske has three cars competing in the Indianapolis 500 race on Sunday, a contest he has dominated with four victories in the last five years. Winning again would be sweet for a man who first achieved renown as a champion driver during the 1960s.

But, at 52, Mr. Penske is increasingly counting on his off-track successes to build his fame and fortune.

Mr. Penske's mushrooming transportation empire, Penske Corp., now encompasses new-car retailing, truck leasing and the production of diesel engines, in addition to the racing ventures. The Red Bank, New Jersey, company is expected to have revenues of \$2.35 billion this year.

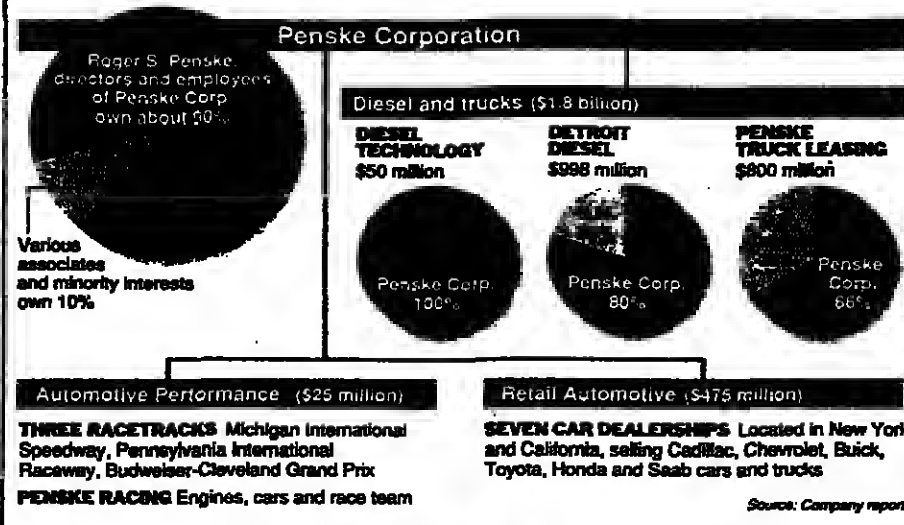
Mr. Penske, the company's chairman, attracted notice in business circles by turning around the leasing operations that his company acquired from the Hertz Corp. But it is his latest venture, the diesel engine business, that has given him his best chance to date to demonstrate managerial skills to match his prowess behind the wheel.

Mr. Penske has fashioned a startling recovery at Detroit Diesel Corp., since Penske Corp. acquired a 60 percent stake on Jan. 1, 1988, for an undisclosed price. The Penske

See PENSKE, Page 15

Penske's Transportation Empire

Breakdown of projected 1989 revenues of \$2.35 billion; actual 1988 revenues totaled \$1.6 billion.



'Everybody talks about team effort, but it's got to start at the top. Penske has the ability to reach out to people that's so important.'

UAW official



The New York Times

Tiphook, Stena Launch Bid For Sea Containers

Reuters

LONDON — Tiphook PLC, a British transport company, and Stena AB, the big Swedish ferryboat concern, on Friday announced an \$824 million takeover bid for Sea Containers Ltd.

The two companies said they were offering \$50 a share for Sea Containers, owner of Sealink British Ferries Ltd., which provides ferry services between Britain and France, Belgium, the Netherlands and Ireland.

Stock of Sea Containers soared by \$9.625 on the New York Stock Exchange, to close at \$77.625, following the announcement of the bid.

Traders said there have been persistent rumors in the New York market in recent weeks about a possible bid for Sea Containers by Stena.

Sea Containers is registered in Bermuda but has its executive offices in London.

See LINK, Page 15

Rival Exchanges Plan System Link

Reuters

CHICAGO — In a surprising display of cooperation, the Chicago Board of Trade and the Chicago Mercantile Exchange announced Friday an agreement to begin discussions on unifying the round-the-clock electronic trading systems that are being developed by the two exchanges.

Until the joint statement, the two largest U.S. commodities exchanges were seen as competitors battling to develop the preeminent system to tap the expanding global market for futures trading.

A joint system would combine the Merc's Globex and the Board of Trade's Aurora systems, resulting in 24-hour trading and order deliveries.

As the exchanges have raced to develop their systems, industry experts said the use of computer terminals for buying and selling futures contracts, could eventually replace physical trading floors. The systems would allow traders around the world to trade Chicago contracts when those markets are closed.

Leo Melamed, special counsel and chairman of the executive committee at the Merc, said the decision by the arch-rivals to cooperate stemmed from "force of sheer logic." He said it was clear that having two systems would be "highly inefficient and extremely costly for everyone."

Mr. Melamed said he expects the talks will lead to an agreement within 30 to 90 days.

The joint statement was welcomed by the Commodity Futures Trading Commission, a spokesman said in Washington.

"We are pleased to see cooperation between the exchanges," the spokesman said.

The commission has already approved the Merc's Globex system, which the exchange had said it would start using in October. The Board of Trade has not yet asked the commission for approval to launch Aurora.

Before the possibility of cooperation was raised, the Board of Trade, the world's largest futures market, and the Merc, which is No. 2, were rushing to sign up other exchanges for their new systems.

In recent months, for instance, the futures exchange in Paris and the New York Mercantile Exchange had said they would join the Merc's Globex system.

The Board of Trade's system makes trading almost like a video game by using the graphics ability of an Apple Macintosh computer to simulate a futures pit. The graphic images recreate the current open-outcry system, in which traders stand close together in an octagonal trading pit, shouting buy and sell orders.

U.S. Trade Gap Hit 4-Year Low In 1st Quarter

Spending Rose 1.1% in April

The Associated Press

WASHINGTON — U.S. consumer spending shot up 1.1 percent in April, the biggest advance in nearly a year, outpacing a 0.4 percent increase in personal income, the government reported Friday.

The combination of a strong spending increase and the sluggish income gain produced a sharp reduction in the personal savings rate, which dropped to 5.3 percent last month from a three-year high of 6.3 percent during the previous month, the Commerce Department said.

The April increase in personal income was the smallest gain since income fell 0.2 percent last November. Personal income had risen a strong 0.8 percent in March and 1.0 percent in February. The rise would have been stronger were it not for decreases in farm subsidies, coupled with bonuses for autoworkers.

The administration is counting on further growth in exports this year to spur domestic growth, with the continuing prosperity expected by the administration to bring in enough revenue to lower the budget deficit without the need to increase taxes.

The decline in the first-quarter deficit, which was the smallest since the \$25.7 billion gap in the first quarter of 1985, would have been even sharper if not for a steep rise in oil prices, the department said.

Higher oil prices drove the U.S. oil and petroleum-products import bill up by 18 percent, to \$10.8 billion.

But nonoil-based imports also declined by \$1.2 billion to \$105.3 billion, as U.S. demand for imported consumer goods and automobiles declined.

A wide range of exports rose, including industrial supplies and materials, consumer items and business equipment.

Nonagricultural exports rose 5 percent to a record \$77.6 billion, while agricultural exports rose 11 percent to \$10.9 billion, partly because of large wheat and corn shipments to the Soviet Union, the department said.

The deficit with Western Europe fell to \$1.02 billion, its lowest level since the third quarter of 1983, from \$3.9 billion in the final quarter of last year.

The deficit with Japan, the nation with which the United States has the single largest trade shortfall, dropped \$2.2 billion to \$13.2 billion.

Ford Has Eyes on Jaguar

Reuters

CHICAGO — Ford Motor Co., the most profitable U.S. automaker, may be interested in acquiring the British automaker Jaguar PLC, according to a newspaper interview with the chairman of Ford, Donald E. Petersen, published Friday.

"Jaguar fits our standards," Mr. Petersen told the Chicago Tribune.

"We must have an interest and a presence in Europe beyond what we have today," he said. "We're giving serious consideration to a series of acquisitions in Europe."

The U.S. auto giant has shown a growing interest in European automakers with sporty images. Ford's strong balance sheet has positioned the company to make acquisitions. The company earned \$5.3 billion in 1988, the best in the U.S. industry, on revenue of \$92.5 billion.

Jaguar's earnings and share price have languished; in calendar 1988, net profit fell to £28.4 million (\$44.9 million) from £61.3 million in 1987, on sales that rose £80 million to £1.08 billion.

Ford already owns the British carmaker Aston-Martin, but talks with Fiat SA and Alfa Romeo SpA are reported to have fallen through.

Other ties between U.S. and European automakers include Chrysler Corp.'s interest in Alfa Romeo, Lamborghini SpA and Maserati SpA, and General Motors Corp.'s purchase of Lotus Cars.



Robert Noyce, chief executive of Sematech



Colby H. Chandler, chairman, Eastman Kodak

'It is unfair of the press' to demand short-term results.

'We haven't seen anything to say this was a gung-ho idea.'

U.S. Business Lines Up For Consortium Cure

Amid the Rush, Some Uncertainties

By Evelyn Richards

Washington Post Service

WASHINGTON — American business has found a new cure-all for fighting foreign competition. It is called a consortium, and it works on the principle that it is sometimes better to cooperate than to compete.

The only dilemma is this: Millions of dollars and a growing amount of industry's top talent is being invested in these large-scale efforts without much solid evidence that they will work. And those that have embarked down the consortium path find themselves forced to rethink some old notions about how to do business in America.

But the uncertainties are not dimming consortium mania. The latest group was born earlier this week when International Business Machines Corp., American Telephone & Telegraph Co. and the Massachusetts Institute of Technology announced plans to cooperate in researching superconductivity.

Since 1984, when a revision to the antitrust laws cleared the way for competing companies to engage

in joint research, nearly 100 such ventures have been formed, pursuing research ranging from stronger-but-lighter soda bottles to advanced geological techniques.

And many more are in the works. Currently, various high-technology firms are considering consortia for research in high-definition television, optoelectronics and X-ray lithography, a technology that would assist in making semiconductors.

In another area, the manufacture of memory chips, a proposed alliance is being considered by an industry trade group and will be circulated soon to companies. To make the effort fly, supporters figure they would need 10 member companies, each willing to commit at least \$30 million in equity.

The memory-chip proposal is unusual because it contemplates forming a profit-making joint manufacturing venture — a step beyond the research-oriented consortia formed to date.

The underlying idea is that, by forming consortia, companies are

See JOINT, Page 16

Currency Rates

Cross Rates	May 26
Australian dollar	1.351
British pound	1.685
French franc	6.545
German mark	1.366
Italian lira	2.366
Japanese yen	163.26
Netherlands guilder	2.366
Swiss franc	1.483
U.S. dollar	1.000
West German mark	1.366
Yen	163.26
1 ECU	1.366
1 SDR	1.366

Charges in London, Tokyo and Zurich, futures in other centers. New York closing rates. (a) Contractual rates; (b) To buy one pound; (c) To buy one dollar; (d) Units of 100; (e) Not quoted; (f) Not available.

Other Dollar Values	May 26
Argentine peso	1.366
Australian dollar	1.351
Belgian franc	36.363
Canadian dollar	1.366
Chinese yuan	8.275
Costa Rican colón	1.366
Czechoslovak koruna	1.366
Danish krone	1.366
East German mark	1.366
East German mark	1.366
East German mark	1.366

New York rates unless marked "local rates."

Forward Rates	May 26
3-month forward	1.366
6-month forward	1.366
9-month forward	1.366
12-month forward	1.366

Source: International Bank of Commerce, Citicorp, Chase Manhattan, and others. (a) Forward rates; (b) Other data from Reuters and AP.

Source: Reuters, Bank of Tokyo, Commercial Union Bank, Credit Lyonnais.

Interest Rates

Eurocurrency Deposits	May 26
1-month dollar	5.50%
3-month dollar	5.75%
6-month dollar	6.00%
9-month dollar	6.25%
12-month dollar	6.50%
1-month yen	5.50%
3-month yen	5.75%
6-month yen	6.00%
9-month yen	6.25%
12-month yen	6.50%

Source: Reuters, Bank of Tokyo, Commercial Union Bank, Credit Lyonnais.

Source: Reuters, Bank of Tokyo, Commercial Union Bank, Credit Lyonnais.

Source: Reuters, Bank of Tokyo, Commercial Union Bank, Credit Lyonnais.

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EUROPHENIX Management Company S.A.

RESOLUTION OF THE BOARD OF DIRECTORS OF EUROPHENIX MANAGEMENT COMPANY S.A.

1. The Board of Directors of Europhenix Management Company S.A. hereby, by unanimous decision, decides to introduce the following amendments to the Management Regulations of Europhenix Fund:

- In the second paragraph of Article 4 to replace the currency French Franc by ECU.

- In the second paragraph and to point c) of paragraph 5 of Article 7 to replace the currency French Franc by ECU.

- To change the third paragraph of Article 8 to read as follows: "The issue price is based on the net asset value determined in accordance with Article 7 to which a minimum of 4.5% shall be added of which 0.5% will be allocated to the Fund to cover its operating costs and a minimum of 4% will be allocated to the Management Company to cover the costs of placing the shares. However, the Board may decide, at its discretion, not to charge the 0.5% commission normally allocated to the Fund, on subscriptions which exceed ECU 7,500,000."

- In paragraph 5 of Article 8 to replace the currency French Franc by ECU.

- In paragraph 4 of Article 9 to replace the currency French Franc by ECU.

2. It is further unanimously decided to issue a new prospectus which will include information in its introduction relating to the conditions and restrictions of sale of the Fund's shares in the United States.

These resolutions are subject to the approval of the Luxembourg Authorities. Luxembourg, 9th May, 1989.

J. Pieren
Secretary General

BNP INTERBOND FUND SICAV

22-24, Boulevard Royal, Luxembourg
RC Luxembourg B 30 395

NOTICE

Holders of Units in BNP Interbond Fund are informed that it was resolved at the Extraordinary General Meeting held on 17th April, 1989 to change the unincorporated mutual fund BNP Interbond Fund into an investment company with variable capital (société d'investissement à capital variable).

Articles of Incorporation which were adopted provide for the creation of two classes of shares: (1) dividend shares which shall be entitled to an annual dividend (2) capital shares in respect of which the relevant amount of any distributions shall be capitalised.

By decision of the meeting, all units outstanding have been converted into capital shares. The holders of such shares have the right to request conversion of their shares into dividend shares. Such conversion into dividend shares is possible until the date of distribution of the next dividend which is expected to occur on April 2nd, 1990.

Shareholders who wish to obtain dividend shares must make written request for a Prospectus to the Banque Nationale de Paris (Luxembourg) S.A., 22-24, Boulevard Royal or to BNP International Financial Services (Hong Kong) Limited 4305-22 Jardine House, 1 Connaught Place, Hong Kong.

Certificates in respect of units shall be exchanged against said share certificates at the accounts of Banque Nationale de Paris as from November 8th, 1989.

BNP Interbond Fund
Board of Directors

(Continued)

	31st	Offer	Yield		31st	Offer	Yield
3-month bill	8.51	8.53	8.83	1-yr. bill	8.87	8.91	9.19
6-month bill	8.84	8.86	8.96	2-yr. bill	9.19	9.22	9.39
1-year bill	9.38	9.39	9.59				
				Prev. Yield			
				Rate			
30-yr. bond	102.232	102.232	8.61				

Source: Salomon Brothers

DM Futures Options

W. German Mark 125,000 marks, cents per mark

		Call Strike		Put Strike		May 26	
Strike	P/100	Call	Put	Call	Put	Call	Put
125.00	125.00	2.05	2.15	0.54	0.66	0.44	0.56
125.25	125.25	1.86	2.01	0.41	0.54	0.34	0.47
125.50	125.50	1.66	1.86	0.29	0.41	0.24	0.36
125.75	125.75	1.46	1.66	0.17	0.29	0.14	0.24
126.00	126.00	1.26	1.46	0.09	0.17	0.07	0.14
126.25	126.25	1.06	1.26	0.05	0.09	0.04	0.07
126.50	126.50	0.86	1.06	0.03	0.05	0.02	0.04
126.75	126.75	0.66	0.86	0.01	0.03	0.01	0.02
127.00	127.00	0.46	0.66	0.00	0.01	0.00	0.01

Est. total vol: 22,327

Source: Salomon Brothers

[illegible]

Industrial Turnaround at IRI Yields Huge Profit Increase

narrowed to 585 billion lire in 1988 from 1.35 trillion lire the year before, IRI said.

However, the results exceeded an extraordinary 3.01 trillion lire loss last year arising from the liquidation of Finisider and the restructuring of the steel sector within a new company, Ilva SpA.

In August, Finisider put five steel plants and a steel-products subsidiary into liquidation. Proceeds of the sale were not disclosed.

"An overall evaluation of the 1988 results," IRI said, "shows a positive development in almost all sectors of activity, although in different ways, reducing the crisis—which is being overcome—to a few areas."

Mr. Prodi said at the meeting that he was "very optimistic" about the group, after several years of large losses, he pointed out.

The IRI statement said that total group profit on a nonconsolidated basis was under 1.55 trillion lire last year.

However, it said that the final consolidated profit figure would be lower than this, due mainly to the effects of sales of shares in Mediobanca SpA, which have affected IRI's banking-sector holdings.

The statement also pointed to have had no negative impact on the consolidated results in the order of 350 billion lire, it said.

IRI, all but a fraction of whose stock is owned by the Italian government, has approximately 400 subsidiaries, involved in a wide range of businesses including aero-

—ADVERTISEMENT—
INTERNATIONAL FUNDS May 26, 1989
 Considerations submitted by funds listed. Not exact sales situations are reported by the Funds listed with the exception of some funds based on issue price.

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Y FIF Int'l. Japan	1,204.00	Fidelity For East Fund	21.93	MultiCurrency	\$	19.70	U H Hing Hing & Building	10,330	
Y FIF Int'l. Nat. Res. A	9.91	Fidelity Frontier Fund	41.97	Dollar Medium Term	\$	18.50	UNIVERSITÄT ZÜRICH		
Y FIF Int'l. Nat. Res. B	10.00	Fidelity Global Fund	21.93	Dollar Short Term	\$	18.50	UNIVERSITÄT ZÜRICH		
Y France International	101.00	Fidelity Global Sales Fd	11.71	Japanese Yen	\$	25.48	U AB-Fund	\$F	100,000
Y FIF Int'l. Nat. Res. A	10.00	Fidelity Global Fund	21.93	Deutsche Mark	\$	25.48	U AB-Fund	\$F	100,000
Y Indonesia MultiBonds D.N.A.	13.17	Fidelity Orient Fund	11.71	Deutsche Mark	DM	12.69	U AB-Fund	\$F	10,171
Y Indonesia MultiBonds D.N.B.	22.11	Fidelity Sci. Growth Fd.	32.80	Drach Franken	PL	12.69	UNION BANK OF SWITZERLAND		
Y Indonesia MultiBonds D.N.C.	22.11	Fidelity Sci. Growth Fd.	32.80	Swiss Franc	PL	12.69	UNION BANK OF SWITZERLAND		
Y Indonesia MultiBonds D.N.D.	22.11	Fidelity Sci. Growth Fd.	32.80	Swiss Franc	PL	12.69	UNION BANK OF SWITZERLAND		
Y Indonesia MultiBonds D.N.E.	22.11	Fidelity Sci. Growth Fd.	32.80	Swiss Franc	PL	12.69	UNION BANK OF SWITZERLAND		
Y Indonesia MultiBonds D.N.F.	22.11	Fidelity Sci. Growth Fd.	32.80	Swiss Franc	PL	12.69	UNION BANK OF SWITZERLAND		
Y Indonesia MultiBonds D.N.G.	22.11	Fidelity Sci. Growth Fd.	32.80	Swiss Franc	PL	12.69	UNION BANK OF SWITZERLAND		
Y Indonesia MultiBonds D.N.H.	22.11	Fidelity Sci. Growth Fd.	32.80	Swiss Franc	PL	12.69	UNION BANK OF SWITZERLAND		
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Y Indonesia MultiBonds D.N.M.	22.11	Fidelity Sci. Growth Fd.	32.80	Swiss Franc	PL	12.69	UNION BANK OF SWITZERLAND		
Y Indonesia MultiBonds D.N.N.	22.11	Fidelity Sci. Growth Fd.	32.80	Swiss Franc	PL	12.69	UNION BANK OF SWITZERLAND		
Y Indonesia MultiBonds D.N.O.	22.11	Fidelity Sci. Growth Fd.	32.80	Swiss Franc	PL	12.69	UNION BANK OF SWITZERLAND		
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U.S. MANAGED ASSETS C.Y. SICAV			U.K. MANAGED ASSETS C.Y. SICAV			EUROPEAN MANAGED ASSETS C.Y. SICAV					
(1)	Global Bond Fund	ECU	10,97	(4)	Shierling Gilt	£	2.18	(7)	Alfas Fund	SF	127.57
(2)	European Secur. Fund	FF	12,92	(5)	WP Amer. Growth Fd N.V.	¢	35.51	(8)	Australita Fund	£	14.30
(3)	French Secur. Fund	FF	12,92	(6)	WP Amer. Growth Fd N.V.	¢	35.51	(9)	Europ. Secur. Fund	£	11.00
(4)	North American Secur. Fund	FF	12,92	(7)	Yan Convertible Bond	¥	267.60	(10)	Bio Monod Bond Fund	£	175.70
(5)	European Fund	DM	5.36	(8)	European Fund	DM	5.36	(11)	Banco Norden SICAV	£	141.61

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Japan Chip Makers to Boost Capital Spending

TOKYO — Japan's six largest microchip makers plan to increase spending on plant and equipment by an average 22 percent in the financial year ending March 1990 compared with a year earlier, spokesmen for the companies said Friday.

Despite expectations of slower demand, the increase is unlikely to lead to the levels of excess supply that threw the industry into a depression and sparked a trade feud with the United States in the mid-1980s, analysts said.

Instead, the spending, much of it targeted at advanced devices not yet in production, will strengthen the technological lead of Japanese chip-makers over South Korean and other competitors, the analysts said.

"They are being very prudent in investing in the next generation of chips and I see no danger of a glut developing," said Tom Murtha, analyst at Baring Securities (Japan) Ltd.

The higher spending reflects the ever-rising cost of making advanced semiconductors and designing new ones.

For example, building a new four-megabit dynamic random access memory microchip assembly line costs about \$400 million, double the expense of the now-dominant generation of one-megabit DRAMs.

NEC Corp. said Friday that it would invest \$400 million to build a plant for four-megabit DRAM microchips in California.

Overall, NEC said it would increase microchip-related spending by 14.3 percent this year to 80 billion yen (\$56.2 million).

Among other chip makers, Matsushita Electric Industrial Co. said it would raise spending by 46.2 percent to 76 billion yen, while Fujitsu Ltd. said it would increase spending by 33.8 percent to 87 billion yen.

"The intention is to build for the next generation and to expand geographically," another analyst said about this year's investments.

"They have a strategic necessity to get more capacity in the U.S. to avoid trade friction."

Supply as measured in absolute memory bit capacity is mushrooming — output of one-megabit DRAMs will rise to 500 million

chips in the current financial year from 220 million the year before, analysts estimated.

But analysts are unworried because the extra output will largely be met by brisk demand for chips for a range of new products such as digital televisions.

Prices are likely to weaken, however, due to slowing global macro-economic trends and the winding down of product cycles, Mr. Murtha of Baring Securities said.

"We don't see prices collapsing but we do see a steady, gradual decline throughout the year," he added.

A standard one-megabit DRAM worth about 1,850 yen currently is likely to fall to 1,200 yen by year-end, analysts estimated.

The orderly decline is in sharp contrast to 1985, when excess supply produced by overly optimistic demand estimates sent prices plummeting and sounded the death knell for many of the U.S. chip makers.

The ensuing trade friction led to the U.S.-Japan microchip pact of 1986, and Washington later slapped sanctions on some Japanese electronics products to retaliate for Tokyo's alleged failure to honor pledges to open its market.

Japanese Steel Giants Post Surging Profits

TOKYO — All five of Japan's major steel concerns reported Friday that parent net profit surged in the year ended March 31, and three of them posted record current profit.

Company spokesmen attributed the hefty earnings to strong domestic steel demand, higher steel export prices and the success of cost-cutting measures.

The five also said they expect the rosy profit picture to extend through the current financial year, though not all offered earnings forecasts for the second half.

Nippon Steel Corp. said parent net profit surged 96.7 percent from a year earlier to 62.73 billion yen (\$441.3 million). It also said current profit jumped 158 percent to 160.36 billion yen, while operating profit rose 85 percent to 233.27 billion yen. Sales rose 112 percent to 2.39 trillion yen.

NKKK Corp. reported parent net profit of 42.01 billion yen, 131.7 percent higher than a year ago. NKKK's current profit was a record 101.06 billion yen, up 143 percent from a year earlier.

Kawasaki Steel Corp. said parent net profit jumped a huge 541.5 percent from a year ago, to 44.37 billion yen. Its current profit was a record 94.47 billion yen.

up 257 percent from a year ago. The previous record was 92.66 billion yen in 1979-80.

Sumitomo Metal Industries Ltd. reported that net profit surged to 55.22 billion yen from 1.32 billion a year earlier. Current profit was 87.47 billion yen, up from 16.02 billion yen.

Kobe Steel Ltd. reported parent net profit of 21.59 billion yen in 1988-89, up 182.6 percent. Current profit was a record 47.19 billion yen. The past record was 46.63 billion in 1979-80.

Strong domestic steel demand came mainly from the auto, construction and electronics industries, company spokesmen said.

For the six months ending Sept. 30, Nippon Steel forecast current profit of 99 billion yen and NKKK said it expects 40 billion in current profit. This compares with 61.33 billion for Nippon Steel and 44.80 billion for NKKK in the same period a year ago.

NKKK expects its first-half current profit to decline, since 14.4 billion yen of its 1988 profit came from equity sales.

Kawasaki said it expects 25 billion yen in net profit in the six months to Sept. 30, up from 22.76 billion in the same period a year ago.

Friday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.
Via The Associated Press

12 Month Stock Div. Yld PE 100 High Low 1PM Chg

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JOINT: Despite Uncertainties, U.S. Businesses Line Up for Consortia Cure

(Continued from first finance page)

able to pursue research that would be too costly for each company alone to undertake. But the most ambitious of the joint undertakings are so new that their effectiveness in producing new research and transferring it to member companies has yet to be determined.

"You cannot make an across-the-board judgment," said the director of science and technology policy studies at the American Enterprise Institute, Claude Barfield. "One problem we have is they are so early."

Consortia supporters say that is exactly the point. American business is frequently criticized for being too short-sighted, said Robert N. Noyce, chief executive of Sematech, the most widely known consortium, formed with government backing to enhance the ability of U.S. firms to make computer chips.

Now that business is setting long-range goals, Mr. Noyce said, "it is unfair of the press" to demand proof of short-term results.

As they attempt to build bridges where there were once walls, the consortia strive to put aside competitive instincts and craft new models for interaction. They have sought to meld corporate cultures, to set a mixture of long-range and short-range goals and to attract top-notch researchers.

"From the time it gets out of kindergarten, he's taught to be an individual," said Edward Miller, president of the National Center for Manufacturing Sciences, an Ann Arbor alliance. Cooperation, he said, is discouraged.

That is one of the concepts businesses are having to rethink. The prickly issue surfaced at Sematech's next board meeting, and the directors came up with a solution reminiscent of encounter groups: trust.

"That's what it came down to," Mr. Kane said. Firms had agreed when they joined the consortium that they would protect the work of the group, and members realized

they had to assume everybody signed it in good faith, he said.

Finding the right people at the working level can be a challenge. The five-year-old Microelectronics and Computer Technology Corp., known as MCC, had trouble attracting the top talent it needed from member companies.

"In many cases management is reluctant to give up good people," said Joseph Boyd, an MCC director from Harris Corp., a Florida electronics company. As a result, only 15 percent of MCC's staff of 440 are sent from member companies, compared to a much higher number than had been expected.

Sematech avoided that problem by interviewing candidates from several companies for each job. "Companies didn't want to be embarrassed," Mr. Kane said, by having their candidates rejected.

Member companies have a lot to learn as well. They are only slowly understanding how to siphon technology out of the consortia and how to make trade-offs between

spending on in-house and joint research projects.

At times, Harris found that when its engineers at MCC were ready to return, they could not find jobs they wanted. In some cases, they stayed at MCC. "We missed the opportunity to get the individual back," hampering the technology-transfer process, Mr. Boyd said.

MCC officials say time is on their side, and note that some 100 technologies have been transferred to member companies.

Still, it is difficult to judge whether the investments will produce comparable rewards. Eastman Kodak Co., for example, joined MCC with high hopes. While it remains a member and a supporter, the payback to date has not met its expectations.

"I was enthusiastic," said the Kodak chairman, Colby H. Chandler, during a recent interview. "At this point I'm waiting to see the results. We haven't seen anything to say this was a gun-goo idea."

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Central/Latin America	— — —	540		295

SPORTS

Astaphan Taped Drug Talks With Runners

By Michael Janofsky
New York Times Service

TORONTO — On Jan. 27, 1988, Dr. George Astaphan secretly taped telephone conversations with Ben Johnson, the Italian sprinter Pierfrancesco Pavoni and Angela Issajenko, Canada's best female sprinter, in which they acknowledged using the anabolic steroids he had given them.

The tapes were introduced as evidence late Thursday in the Canadian government inquiry and were played over large speakers during Astaphan's second day of testimony.

Astaphan said he decided to record the athletes' voices to protect himself against a situation that, at the time, seemed unlikely: If one of the athletes were caught using drugs, he or she might deny involvement and try to blame someone else for the positive test.

In the recording of Astaphan's conversation with Johnson, the first of four recordings he made that day, he asked Johnson, "You

haven't used any of the white stuff, the steroids, since December?" His concern, Astaphan told the inquiry, was that Johnson stop in time to pass a drug test at an indoor meet in January.

Johnson replied: "Part of it, yeah."

Then Astaphan asked: "When did you last do it?"

Johnson said: "A long time ago." Moments later, Astaphan testified, he made and taped calls to Pavoni, who had come to Canada to train under Charlie Francis, who was coaching Johnson, and Issajenko, who also trained with Francis, and Francis.

His conversations with both the athletes and Francis included a discussion of steroids, a subject with which all of them sounded entirely familiar.

"Can you bring with you the stuff for the next month?" Pavoni asked Astaphan on one tape. "Also, can you buy the needles because I have only three."

The recordings also included an

expletive-filled conversation with Francis and matter-of-fact discussion about steroid dosages with Issajenko.

Francis and Issajenko had previously testified in elaborate detail about their involvement with performance-enhancing drugs. Johnson, who is expected to testify next month, has denied "knowingly" ever using performance-enhancing drugs.

Within 13 months of the Seoul Olympics, Astaphan spent increasing amounts of his time with Francis and the athletes he trained, designing and monitoring their drug programs.

But he began to sense potential trouble, he said, after a conversation with Johnson at his hotel in Rome during the world championships, and after similar conversations four months later in Toronto with Pavoni and Waldemar Matuzewski, a physical therapist who worked with Francis's athletes.

It was those talks, Astaphan

said, that prompted him to tape the telephone conversations.

In Rome, Astaphan said, he confronted Johnson about all the over-the-counter substances he was buying — "creams, rubs, things with foreign labels."

"You do not understand what may be in these things," he said he told Johnson. "They might interfere with the testing procedures."

He then quoted Johnson as responding, "Yeah, but Charlie or you will take the rap."

"I didn't let that sink in too much," Astaphan told the inquiry. He said it began to sink in later, after Pavoni told him, "You should be a little more protective of yourself. The word going around the track is that if an athlete got caught, he would deny he ever took steroids."

Astaphan testified that Matuzewski had told him the same day that according to "a rumor at the track, if an athlete were caught, he would deny taking steroids and

Charlie or myself would take the rap."

"Then I decided," Astaphan told the inquiry, "that before I got too deep in the swamp with alligators, I would tape-record the conversations."

Pavoni Calls Tape False

Pavoni, in a written statement released to reporters, denied Friday that he had admitted to using steroids in a tape-recorded phone conversation with Astaphan. The Associated Press reported from Milan.

"I want to confirm I never asked to use steroids," Pavoni said. "I only took injections of vitamins. I passed dozens of anti-doping tests. I am surprised that the Canadian inquiry allows everybody to give out false reports."

About the alleged taped conversation, Pavoni said that "I really want to hear it, because it's all made up. I never talked of steroids in my life. It's a monstrous conspiracy."



Italy's Pavoni: 'All made up.'

SIDELINES

Faldo, Woosnam Lead European PGA

VIRGINIA WATER, England (AP) — Former winners Nick Faldo and Ian Woosnam shot five-under-par 67 Friday to share the lead in the first round of the European PGA Championship.

Faldo, playing in Europe for the first time since his Masters victory April, had seven birdies in his round on the 6,945-yard Wentworth Club course that is a short walk from his home. Woosnam, the defending champion from Wales, did not record a bogey despite increasing putting that included misses on eight putts of 12 feet (3.6 meters) or less.

Cape Horn Sailing Record Falls Again

SAN FRANCISCO (AP) — The crippled trimaran Great American sailed through the Golden Gate on Friday, breaking a three-month-old New York-to-San Francisco sailing record by three days after an exhausting 77-day, 14,500-mile (23,334-kilometer) voyage.

Lithuanian-born skipper George Kolesnikov, 46, of Niagara Falls, Canada, and crewman Steve Pettengill, 37, of Newport, Rhode Island, sailing slowly in light morning winds, received a raucous greeting from a fleet of boats that met their 60-foot (18-meter), 12,000-pound (5,443-kilogram) vessel.

They had eclipsed the 80-day, 20-hour record set Feb. 12 by Walter Luhrs's sloop, Thursday's Child. The Great American was the last in a series of boats that have tried this year to break the 135-year-old record set by the American clipper, Flying Cloud, which took 89 days to complete the voyage around Cape Horn in 1854.

Worry Not, England, the TMS Is Safe

LONDON (AP) — The BBC has insisted that the Test Match Special, one of the great institutions of the British summer, is safe.

It had been reported in the press that the BBC was going to end its continuous ball-by-ball commentary after the 1990 season when it loses its Radio 3 medium wave band and moves sports coverage to Radio 4. But Patricia Ewing, controller of Radio 3, said that the Test Match Special "will be given the same air time, sun or rain, as it always has been."

Argentina in Team Cup Tennis Final

DUSSELDORF — Argentina beat Czechoslovakia, 2-1, on Friday and with a 3-0 record gained the final of the World Team Cup tennis tournament. Its opponent in Sunday's match will be decided Saturday, when West Germany plays the United States for the top place in the Blue Group.

Sweden edged Australia, 2-1, Friday to finish second, at 2-1, in the Red Group. Australia finished third at 1-2, with winless Czechoslovakia last.

For the Record

Jay Don Blake shot six-under-par 66 Thursday for a one-shot lead over Mike Hulbert, in the first round of the Atlanta Golf Classic. Bob Eastwood, Russ Cochran, Don Pooley and Dave Rummels were at 68.

Vladimir Jovanovic, the Soviet boxer who hopes to turn professional, lost a six-round amateur light middleweight bout in Sydney when he was outpointed Thursday night by Australia's Grahame Cheney, the minor beat for the gold at the Seoul Olympics.

Omar Pedretti of Switzerland has been fined 3,000 Swiss francs (\$1,100) and given a 10-minute time penalty for testing positive for an unidentified banned drug after Tuesday's second stage in the Giro d'Italia bicycle race.

Sindicato España Copa America of Spain said Friday it would enter the America's Cup competition in 1992.

Quotable

Rob Ramage of the Calgary Flames: "You have to play in places like Birmingham and Denver to appreciate how important hockey is in Calgary, in Canada. The passion."

Fred Lynn of the Detroit Tigers, having fouled a pitch off his knee: "Best ball I've hit in five weeks."

From Indy (vrooom), Live

The Associated Press

"This is Hy Low, bringing you the action from the old Brickyard (vrooom, scoot, scoot). And here to analyze the race for you is a man who's bounced off a few walls himself: Rod Axle."

"(Vrooom) speak up Hy, I can't hear you."

"Wow! Look at them go, fans (vrooom). That red car seems to be drafting on the blue and yellow car (whoosh). And here comes the leader, Rod. Can't make out who it is..."

(We interrupt this broadcast to explain that what you could be listening to is the radio coverage of this Sunday's Indianapolis 500 auto race. Why anyone would listen to the Indy 500 on the radio, other than to hear the singing of "Home in Indiana," is hard for some people to comprehend.)

"Once 'Gentlemen, start your engines,' is intoned, that's mainly what you hear: engines."

(This year's race will be carried by 1,200 radio stations in the United States and Canada. There also will be worldwide coverage on Armed Forces Radio, and overseas civilian listenership could be considerable, with several Grand Prix drivers in the race. In the first two rows are Emerson Fittipaldi of Brazil and Jim Crawford of Scotland, while the field also includes Tony Fabi of Italy, Arie Luyendyk of the Netherlands, Dary Dalry of Ireland and Bernard Jourdain of Mexico.)

"Now fans, we're going to switch down to Gasoline Alley, where our Victoria Lane is talking to the chief mechanic for Leadfoot Jones, who's just had a costly pit stop of 42½ seconds."

"Ladies and gentlemen (vrooom) here's Wrench Roberts to tell us what wrong with Leadfoot's car."

"Well, Victoria, the car had a bad gearbox, and I had to get there with couple of handfuls of grease. That seemed to do the trick (scoot, scoot, scoot)."

"Back to you, Hy, I hear there's been a crash on turn two..."

(We interrupt again to note that there will be a special Spanish language broadcast. Actually, Hy Low and Rod Axle could handle it, too. Vrooom sounds the same in Spanish as in English.)

Doctor Denies Using Animal Steroid on Johnson

The Associated Press

TORONTO — Doctor George Astaphan insisted Friday that the steroid which caused sprinter Ben Johnson to be disqualified from the Olympics was not the same one he first put Johnson on in 1985.

"What they got from me was furazabol," Astaphan said on his third day of testimony.

Commission counsel Robert Armstrong, in his last questions be-

fore cross-examination of the doctor began, asked about "the overwhelming inference" that the steroid the doctor admitted providing was actually stanozolol.

The inquiry's analysis of 12 bottles, from the steroid supply that Astaphan said was furazabol, obtained from an East German athlete in 1985, showed that it was stanozolol and had the same components as the veterinary drug Winstrol-V.

Astaphan said the 68 vials of in-

jectable Winstrol V he got from a local pharmaceutical company were taken to his native Caribbean island of St. Kitts for veterinary use. He repeatedly denied that the steroid he admitted last injecting Johnson with on Aug. 28 was stanozolol.

Astaphan testified Wednesday that the 48 bottles of furazabol he obtained in the fall of 1985 were made in Japan, but Armstrong said the Japanese company named did not make injectable furazabol.

Earlier, Astaphan said clandestine laboratories that produce custom steroids exist in the United States and Canada.

He also discussed drugs that could mask steroids from testing, including carinamide, which he called "the golden boy of them all."

"The labs are a couple of years behind the athletes," Astaphan said of the testing facilities' ability to overcome the masking agents.

Lewis Leading Boycott Attacking U.S. Track Body

The Associated Press

HOUSTON — Carl Lewis and other U.S. Olympic medalists in track and field disgruntled with The Athletics Congress have said they will boycott the national outdoor championships next month.

"We cannot continue to be put in this position because the TAC is killing track in America," Lewis said, referring to the governing body for all U.S. track and field.

"They are holding back funds, they are misappropriating situations and making it very difficult for athletes to compete here."

The six-time Olympic gold medalist added: "They're taking in a lot of money and giving out very

little and then asking all the athletes to continue to go."

Lewis said he would like TAC to set up a plan to pay the top 10 athletes in every event, instead of the current process of paying only about 10 to 15 athletes, including himself, while "everyone else gets dogged."

He added that TAC has arranged a profitable television package with Turner Broadcasting System, but that it is "failing to give any more than 15 to 20 percent of that money to the competitions, so the meets cannot function."

"Whereas last year they were able to get local sponsors, they can't get local sponsors anymore because of this TV package."

He said that boycotting the June 15-17 meet at the University of Houston is the only way athletes will be heard.

"The only way that we have to take a stand and to get the TAC to start listening to the voice of the athlete is to boycott competitions. I feel it's very unfortunate because this is my hometown and I want to compete here."

Pete Cava, a spokesman for TAC, confirmed that Lewis and Joe DeLoach, the Olympic 200-meter gold medalist, would not be competing in the championships.

"If they choose not to compete, that's their right," he said. "Carl Lewis will only hurt himself in the

long run and the same for Joe DeLoach."

If the athletes boycott the meet, they will not be able to qualify for the World Cup competition in Barcelona in September, Cava said.

Expected to join Lewis in boycotting the meet are Olympic 400-meter gold medalist Steve Lewis and silver medalist Danny Everett, 110-meter hurdle gold medalist Roger Kingdom, women's high jump gold medalist Louise Ritter, sprinter Evelyn Ashford and middle-distance runner Steve Scott.

"We're boycotting because we asked to discuss these problems with TAC and TAC refuses to see us," Lewis said.

BOOKS

THE SYMBOLISTS

By Michael Gibson. 192 pages. \$85. Harry N. Abrams Inc., 100 Fifth Ave., New York, N.Y. 10011.

Reviewed by Joseph Fitchett

THIS beautifully produced art book showcases fin-de-siècle "decadence," a luxurious spiritual boudoir that has not enjoyed great critical esteem in this century.

With its lavish illustrations and the author's sympathetic account, this volume provides an exceptional tour through the milieu of minor art that influenced the agenda and tone of much greater art, from van Gogh, Munch and Klimt to the Surrealists, Kandinsky and even the Abstract Expressionists.

The Symbolists were less a school than a nebulous state of mind that was pervasive in Europe from about 1885 to World War I. Even better known than its painters were its literary adepts: Mallarmé, Rilke, Yeats, Richard Howard, the poet and translator, explains the Symbolists as pursuing a romantic notion of "unity of being, and the rapturous acceptance of experience, wrought up in this single, ecstatic apprehension."

Symbolist painters carried the Romantics' quest to new realms of imaginative suggestion: Gustave Moreau, Odilon Redon and Pius de Chavannes in France, the pre-Raphaelites in Britain,

Fernand Khnopff and Léon Spilliaert in Belgium and Jan Toorop in the Netherlands.

The Symbolists are usually categorized by stressing their emphasis on dreams and their reliance on allusion and luxuriant decorative forms. This approach is handy for historians, enabling them to distinguish, at the breakup of Impressionism around 1885, two departures: on the one hand, the neo-Impressionists and Seurat, who pursued Cézanne and Degas in seeking perfect representation of the physical world; and on the other hand, the Symbolists, who sought through painting to express revolt against reality — in a poet's words, "to clothe the idea in a sensitive form."

Fortunately, this didactic approach does not cover all the Symbolists' work, and the further Symbolist artists strayed from the self-imposed task of illustrating spiritualistic doctrine, the better their painting tended to be. Imagination, not theory, informs the finest Symbolist works: Böcklin's dread-filled "Isle of the Dead," Munch's misogynist icons of deadly madonnas, Ensor's nightmarish carnivals and, even more astonishing because so less well-known, Degouve de Nuncques's troubling nighttime houses (tearfully foreshadowing the work of his fellow Belgian Magritte) and the astonishingly work of Spilliaert, such a bold stylist with color that his canvases are nearly abstract.

These painterly achievements of the Symbolists emerged most clearly in the

group known as the Nabis, a Parisian niche of painters in the 1890s that included Pierre Bonnard and the young Edouard Vuillard. Most of their work, instead of being easel paintings, emerged as prints, stage sets, posters, or strongly decorative thrust (which would flower in Art Nouveau) shared the Symbolist goal of finding a visual language to express the link between the visible world and its invisible meaning.

The Nabis, working with the ephemera of Parisian life, developed a witty way of evoking mood that has survived better than the often heavy-handed allegories of Pius de Chavannes or the pre-Raphaelites.

Michael Gibson, who has reported on art for the International Herald Tribune since 1967, finds that the Symbolists are ripe for rediscovery. Going beyond occasional aspects of their work that today strike us as mildly absurd (for example, naively anti-historical recreations of Biblical scenes or a pedantic obsession with sin and decadence), Gibson finds that Symbolist art's "pervasive strangeness expresses a psychological torment." The Symbolists, he writes, were a reflection of — and revolt against — the social and intellectual breakdown in the cities of industrial Europe.

An advantage of his approach is the recognition that Symbolism, like industrial crisis, was a Europe-wide phenomenon, and Gibson's book reveals the splendor of central and eastern European artists that have been too little appreciated, such as Frantisek Kupka, the Czech,

BRIDGE

By Alan Truscott

SOME stars of the future gathered in Memphis recently for a special event to select one pair for World Championship play. The winners, with a last-round surge, were David Rowntree and Michael Klein. They have had the benefit of training from Lynn Deas, whose team won the Women's Trials and will go to Australia in September for world play.

Rowntree and Klein go to England in July for the World Junior Championships. On the diagrammed deal, Klein, as West, found the right defensive procedure against five clubs doubled. If he had led a routine spade, careful play would have let South succeed. He would have ruffed in dummy, led a diamond to the ace and ruffed another spade. A heart lead to the queen would have allowed another spade ruff, a diamond ruff and a final spade ruff. This would have set East for an endplay when a trump was led. Klein led the diamond king, spotting South's timing for that endplay. South still had a chance by following that plan. He won with the diamond ace, ruffed a spade and led a heart to the queen. Now Klein made the important play of unblocking the heart jack. South could not avoid the loss of two heart tricks and a club. But if West had not got rid of the heart jack, he would have eventually been endplayed. South would have crossed ruffed as much as he could and then led a trump. East would have been able to lead a spade, but South would ruff in dummy and a low heart lead would make West regret that he had to win with the jack.

North and South were vulnerable. The bidding: East 1, South 2, West 3, North 4. Deal: Pass Pass Pass Pass. West led the diamond king.

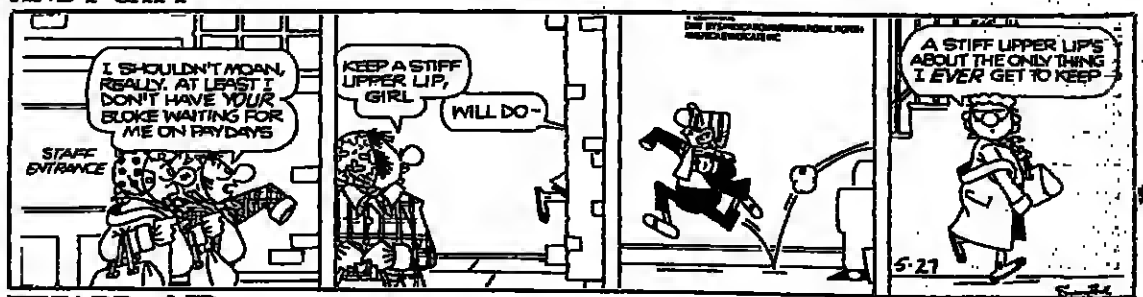
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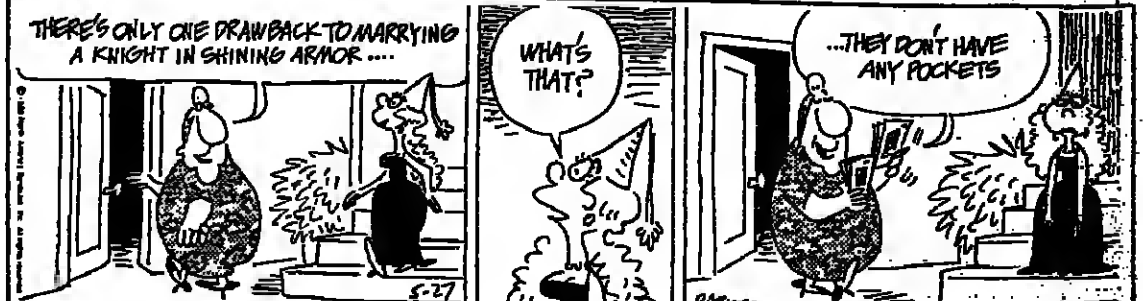
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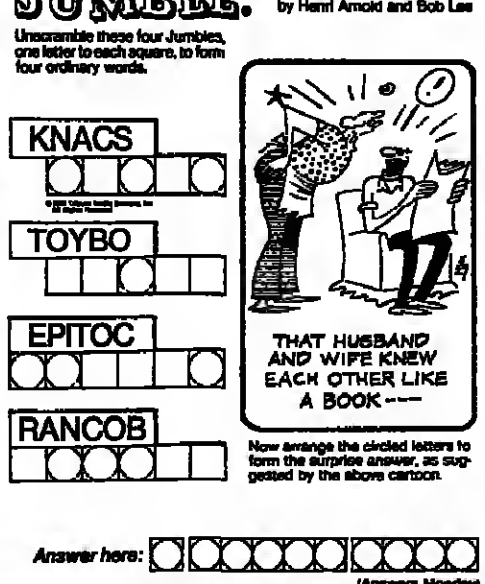
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SPORTS

Flames Win First Championship
In Tense Contest With Canadiens

Compiled by Our Staff From Dispatches

MONTREAL. Not tradition, not place, not sentiment, and not even the fact that the Montreal Canadiens had held on games where defense was the star have stopped the Calgary Flames from winning their first Stanley Cup championship.

The Flames, as they learned to do in the final of the National Hockey League's championship playoffs, earned a one-goal lead most of Thursday night's game at the Forum, then held off a desperate third-period charge by the Canadiens to end the series with a 4-2 victory.

The Flames won the series, four games to two. Al MacInnis, the first defenseman in NHL history to lead in playoff scoring, won the Conn Smythe Trophy as the most valuable player in the playoffs. He had 7 goals and 24 assists for 31 points.

The Flames, who entered the NHL in 1972, based in Atlanta, became only the fourth expansion team to take the cup, joining the Philadelphia Flyers, New York Islanders and Edmonton Oilers.

On the other hand, the Canadiens, who had been 7-0 when facing elimination at the Forum, had prevailed in the last nine championship rounds in which they appeared.

Montreal's second-most recent Stanley Cup in 1986 at the expense of a younger and less determined collection of Flames whose rookie goalie, Mike Vernon, could not keep pace with Montreal's rookie and playoff MVP, Patrick Roy.

"We are a better club than we were then,"

STANLEY CUP: GAME 6

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"We are a better club than we were then,"



Al MacInnis, named most valuable player of the playoffs, was a hot spot for the Flames.

Vernon said when this series was 1-1. "And I'm a beast tonight, and we're going to show them."

The margin of difference between the clubs on Thursday, as throughout the series, was slight and the outcome uncertain until Doug Gilmour whisked the Calgary's fourth goal into a vacant net with 1 minute, 3 seconds left.

Colin Patterson, the Flames' best checking forward, became very offensive in Montreal eyes when he produced the only goal of the first period at 12:51.

Calgary had only two shots to Montreal's eight before a post-whistle scrum sent four players to the penalty box at 18:30. They were hardly seated and snarling at each other before Patterson scored.

Dana Murzyn dumped the puck toward the Montreal end, where it struck defender Chris Chelios, who was coming into the high slot. Patterson was alone as he pounced on the puck and fired a wrist shot just over Roy's right pad.

MacInnis also earned an assist on the play, extending his point-scoring streak to 17 games, one short of the playoff record set by Bryan Trottier of the New York Islanders in 1981.

It was the third straight game in which the Flames had scored first. They were 12-1 in previous playoff games in which they scored first.

Montreal had forced things without result from the opening faceoff. On the first shift, Bob Gainey blocked a shot by Calgary's Ric Nantais to start a three-on-two that ended with Mike Keane shooting wide.

The Canadiens came right back. Vernon managed to foil Mats Naslund from close range. Joe Mullen hooked Naslund on the play, but Montreal failed to get a shot on goal.

The Canadiens survived successive penalties to Chelios and Naslund, the Flames getting only a backhand by Hakan Loob, their first shot of the game at 9:30.

After Murzyn went off for tripping, Vernon flirted with disaster by flipping the puck high onto the glass, just shy of a Montreal five-on-three. Vernon then made saves on Bobby Smith and Naslund to regain his game-saving image.

Montreal's Claude Lemieux and Calgary's Lanny McDonald, two players who have made more headlines recently by sitting out games than by playing, recorded the only goals of the second period.

Lemieux tied it at 1:23, crossing the Calgary blue line and unleashing a slap shot. Vernon had both hands above his head to try to ward off the rising shot. The puck struck his blocker and popped over his right shoulder, then rolled the last few inches into the net. It was Lemieux's second goal in the series.

Before McDonald became a hero, he spent two minutes in the penalty box for holding

Smith. When his time expired, McDonald skated toward the Flames' bench.

While he was en route, the Canadiens lost the puck as they pressed in the Calgary end. Lemieux fell and Loob turned the play around, starting a three-on-two break.

All five players were on the left quadrant of the ice when McDonald saw what was happening, reversed course and made it four on two. When Joe Nieuwendyk fed him a pass from the left boards, McDonald was alone against Roy. He beat him on the short side at 4:24.

The Canadiens came close to a tie during a penalty to Vernon, who juggled a drive by Smith, then punched Shayne Corson as Corson leaned into him looking for a rebound.

Chelios was just wide from the right-wing circle off a setup by Russ Courtnall, before Vernon made a stop on Mike McPhee and then Lemieux hit a post.

As the penalty expired, Mullen picked off a pass by Chelios and steamed down ice on a breakaway. But Montreal's Petr Svoboda had the angle on Mullen and was able to poke the puck free.

Nieuwendyk missed the net on a good chance as he was slashed by Craig Ludwig. During the ensuing power play, Roy blocked a shot by Theoren Fleury and Brian MacLellan, with his back to the net, barely failed to shove through the rebound.

The Canadiens had only one harmless shot in the first seven minutes of the third period. Meanwhile, the Flames were unable to convert their good opportunities.

The Canadiens finally mounted some offensive pressure and Vernon responded by making a stick save on Smith's shot through traffic from the right-wing circle.

Courtnall tried to get something stirring, only to wind up in the penalty box. He dumped the puck in and followed it, crashing into Vernon as the goalie played the puck behind the net. The official ruling was boarding.

It took the Flames only 16 seconds to make it 3-1. Roy made a stick save on Gilmour's backhand, but Gilmour picked the rebound out of the air and scored at 11:02.

Rick Green got that one back 41 seconds later, on his first playoff goal since the Calgary series in 1986. Just as Green fired from the right point, Lemieux bumped Vernon. Referee Denis Morel allowed the goal despite Vernon's protests.

As Roy left the net for a sixth skater with 90 seconds left, Vernon blocked a shot by McPhee. Lemieux overskated the rebound and flattened the goal.

All that suspense ended with 1:03 left, when Gilmour hit the empty net.

Calgary Celebrates
At Long, Long Last

ALBERTA. A seven-block downtown area of this city became a milling, cheering, hollering, drinking scene of celebration early Friday morning as a crowd estimated at 20,000 toasted the Flames' Stanley Cup triumph and the city's first major championship in almost two decades.

The final few seconds had ticked off on television screens, a sea of the hockey team's fans began flowing out of the bars along the trendy Electric Avenue nightclub strip. They showed one another with beer, chanted, "Lanny! Lanny!" for Lanny McDonald, the 16-year veteran who had scored the go-ahead goal and got in a few digs at their archrivals up the road in Edmonton.

"It's great," yelled Lee Turner. "Sweet revenge. We can finally face Edmonton."

For many, in fact, the sweetest aspect of the victory was the chance to finally rid it over Edmonton, Alberta's other large city and by far its more famous for more sporting success.

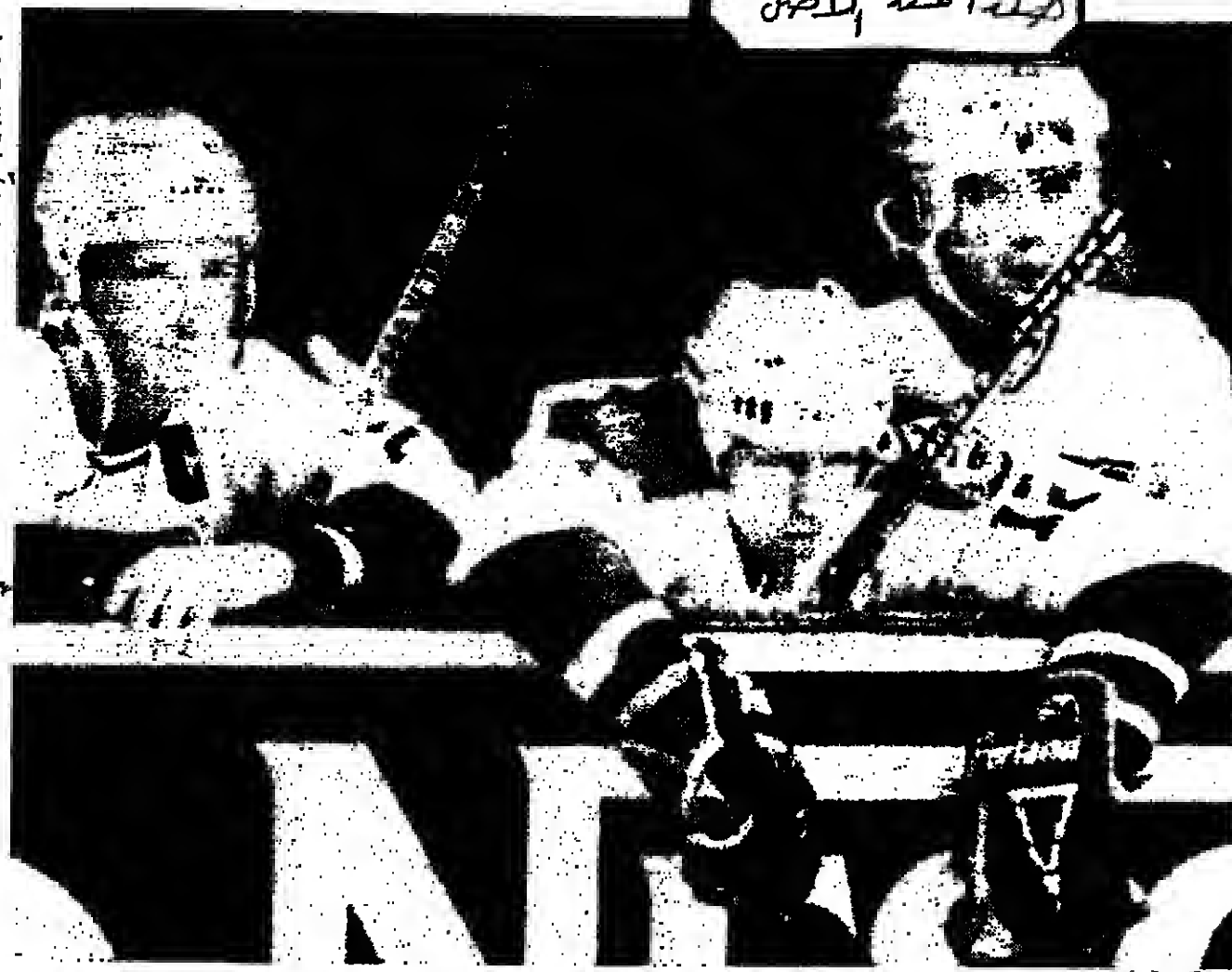
This was Calgary's first major sports championship since 1971, when the Stampede won the Canadian Football League's Grey Cup. Since, Calgaryans had watched with envy as the Edmonton Eskimos won the Grey Cup seven times and the Edmonton Oilers won the Stanley Cup in four of the last five years.

Police, who only reacted later from some of the celebrants, reported no serious incidents. Inspector Jim Bergen said it was mostly harmless fun.

"They're just whooping and hollering and acting up for the news cameras," he said.

The hollering, lugging and high-fiving was something that one reveler, Kate Muir, had never seen in her native New Zealand.

"This is better than when we beat the Aussies," she said, getting a whack from an Australian friend. Hockey, she added, "is better than rugby."



Canadiens Bob Gainey, left; Mike Keane, center; and Eric Desjardins watched in dejection as the final seconds of the game ticked off.

Expos Dispatch Giants and Get Langston

Compiled by Our Staff From Dispatches

The Montreal Expos beat the San Francisco Giants on Thursday afternoon, then trumped most of major league baseball's other teams that night.

After they had shut out the Giants, 2-0, at Candlestick Park in San Francisco, the Expos accomplished what many other teams were trying to do: acquire the Seattle Mariners' pitching ace, Mark Langston.

The Mariners dealt their left-hander, who had a 14-6 record in five-plus seasons for them, to Montreal for three young pitching prospects, Randy Johnson, Brian Holman and Eugene Harris.

Before the trade was finalized, Langston turned down a three-year, \$7.1 million deal from Seattle.

Despite a stalled contract talks and rumors of a trade, the 22-year-old, who has led the American League in strikeouts three times since 1984, was upset after learning what had happened.

"I'm in a state of shock right at the moment," he said. "You try to prepare yourself for the situation, but still when it hits you... I'm somewhat depressed."

Earlier, the Expos got five-hit pitching from Dennis Martinez and Tim Lincecum. Martinez struck out eight and Burke got the final out with players on first and second for his ninth save.

That extended the Giants' scoreless drought to 19 innings as they were overthrown by the Expos as the National League's top run-producers with 187 in their 185.

"I'll stake my paycheck that we won't get shut out twice in a row again the rest of the year," said the loser, Mike Krukow, who had a one-hitter with one out in the seventh. Then he gave up a single to Mike Aldrete and Tim Wallach followed with his third homer, ending an 0-for-16 slump.

Padres 2, Mets 1: In San Diego, Ed Whitson and Mark Davis held New York to eight hits and four RBIs in the fifth, preventing Oakland pitcher Dave Stewart from becoming the major's first nine-game winner.

Red Sox 10, Mariners 0: Mike Greenwell got four hits and four RBIs in Boston, and Mike Smithson pitched an eight-hitter. (UPI, AP)

54 Games Later, a Loser

HOUSTON — For the first time since he was a Little Leaguer, Jon Peters has gone home as a loser.

Peters, who had won a U.S. high school record 53 straight games, had his streak ended Thursday night when West Orange-Stark defeated Brenham, 3-0, in the state playoffs. Brenham was held without a hit in the game, and made five errors.

Peters pitched all seven innings, striking out eight, but allowing five hits, walking five and throwing a run-scoring wild pitch.

"In a way I'm relieved the streak is over, but I'm sorry it had to happen like this," he said. "When I woke up this morning I had a bad feeling about this game. I've had butterflies in my stomach all day."

He was 13-0 as a freshman, 15-0 as a sophomore, 14-0 last year, and had won 11 games this year. The national record for victories by a high school pitcher is 61, set by Steve Stratton of Sylva Webster, North Carolina. On April 28, Peters had broken the record of 50 consecutive victories set by Tim Moore of McColl, South Carolina.

Peters, who has signed a scholarship agreement with Texas A&M, had not lost since his team was defeated in the semifinals of the 1983 Little League World Series.

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE

East Division

	W	L	Pct.	GB
Boston	21	21	.500	0
New York	21	23	.479	1 1/2
Cleveland	21	24	.467	2
Detroit	19	25	.432	3 1/2
Minnesota	19	25	.432	3 1/2
Toronto	18	27	.400	5

West Division

	W	L	Pct.	GB
Oakland	20	16	.556	0
California	20	16	.556	0
Kansas City	20	17	.540	1
Texas	20	19	.513	2
Seattle	20	24	.457	7 1/2
Chicago	17	28	.378	12 1/2

NATIONAL LEAGUE

East Division

	W	L	Pct.	GB
Chicago	25	19	.568	0
New York	25	20	.556	1 1/2
Kansas City	22	22	.500	3 1/2
Philadelphia	22	23	.489	4 1/2
Pittsburgh	19	24	.442	5 1/2
Atlanta	18	28	.396	9 1/2

West Division

	W	L	Pct.	GB
San Francisco	25	20	.556	0
Los Angeles	22	23	.489	3 1/2
San Diego	22	23	.489	3 1/2
St. Louis	21	24	.467	4 1/2
Houston	21	24	.467	4 1/2
Atlanta	19	27	.413	7 1/2

Thursday's Line Scores

AMERICAN LEAGUE

	W	L	Pct.	GB
Cleveland	20	20	.500	0
Detroit	20	20	.500	0
Minnesota	20	20	.500	0
Philadelphia	20	20	.500	0
Pittsburgh	20	20	.500	0
Toronto	20	20	.500	0

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TENNIS

Draw for the men's and women's singles for the Wimbledon Championships starts Monday (teletext numbers inside brackets):

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Boston	21	21	.500	0
New York	21	23	.479	1 1/2
Cleveland	21	24	.467	2
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West Division

T. Gwynn, San Diego, .328; L. Smith, Atlanta, .324; Butler, San Francisco, .319; Hery, Philadelphia, .318; Grace, Chicago, .312; V. Hayes, Philadelphia, .312; Mitchell, San Francisco, .308; Doran, Houston, .304.

